THE
TICKER
AND
INVESTMENT DIGEST

Investment: The placing of capital in a more or less permanent way, mainly for the income to be derived therefrom.

Speculation: Operations wherein intelligent foresight is employed for the purpose of deriving a profit from price changes.

Vol. 6 JUNE, 1910 No. 2

Studies in Stock Speculation

By ROLLO TAPE

Author of "Studies in Tape Reading."

VIII.—How the Figure Chart Forecasted Reading's Spectacular Move.

DURING the latter part of 1909 and the first few weeks of 1910, the movements of Reading afforded a splendid opportunity for study of the figure chart.

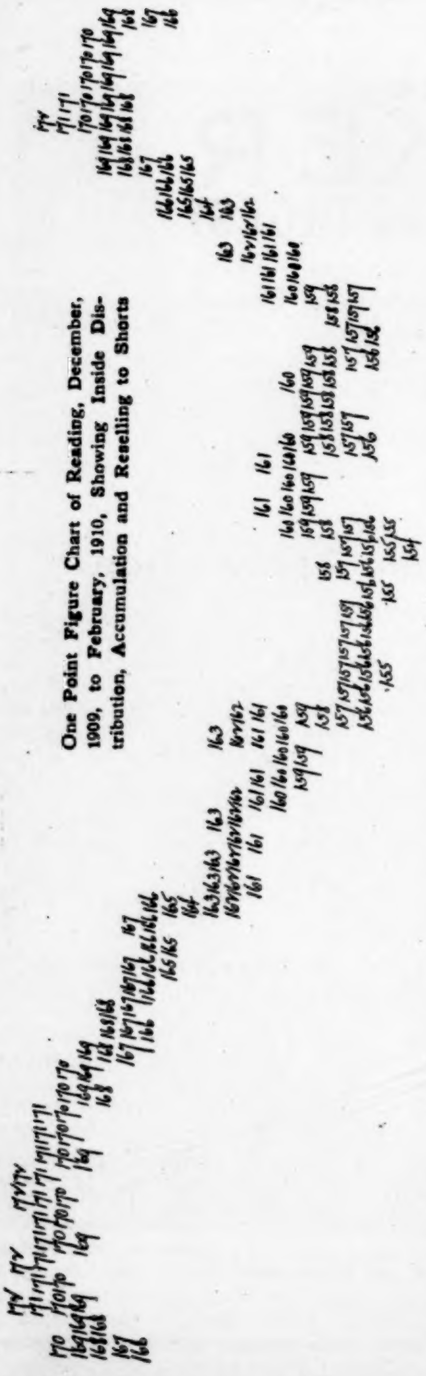
We reproduce this chart record herewith; every student will find it valuable. And while we have it before us, we may as well examine its most interesting points.

Our first impression is that the formations are generally either horizontal or oblique. Horizontal formations, especially where one or more lines of figures are solid, denote resistance, accumulation or distribution. The oblique formations indicate the trend.

Many chart students draw oblique lines from the first important top and bottom to and beyond the next, the theory being that when these diagonal lines begin to form, a definite trend is indicated, and that this trend will continue in the same direction so long as the figures do not break materially outside the lines. I have found that as there are many exceptions to this rule, it is not always a safe one to follow. However, the drawing of these lines does give one certain ideas, which may or may not be valuable. Perhaps we shall discuss this later on.

The first four or five vertical groups of figures in this Reading chart show that the price was forced up to 172 and could not overcome that figure after making a second try. Then began the formation of a horizontal line at 171. On the third or fourth attempt to push the stock above 172, it became obvious that the resistance above that figure was exceedingly strong, and that heavy distribution was taking place between 169 and 172.

Manipulators do not distribute stocks unless they have reason to believe they can subsequently cover their shorts or buy back their longs at very much lower prices. Large operators cannot turn in the stock market within a few points.



One Point Figure Chart of Reading, December, 1909, to February, 1910, Showing Inside Distribution, Accumulation and Reselling to Shorts

They need ten or twenty point swings, and at the top and bottom of these swings the stock must be worked back and forth over the distributing or accumulating territory, so that the complete line can be unloaded or picked up without exciting undue attention. It takes considerable time to do this.

At the point of distribution, in order to catch both kinds of people, viz., those who buy on bulges, and those who buy only on reactions, plenty of bulges and reactions are brought about until the manipulators have unloaded all the stock that the market will stand. It is this sort of work that shows clearly on the figure chart, and this is exactly what was being done with Reading at the time indicated above.

The first real indication of the decline was when Reading, after making 171 on the figure chart ten times, failed to touch 172, and broke through to a new low level, making it possible to record 168 on the figure chart. Even at this early stage of the decline the downward trend was apparent owing to the diagonal formation. Subsequent transactions emphasized it.

There was some resistance around 166, but this was soon overcome and the stock plunged on down to 161. A line then began to form at 162, but this was broken through to 159. Then followed a rally to 163. From that figure there was a vertical decline to 156, and at this level the real accumulation began.

Note what a solid row of figures is formed on the 156 and 157 lines, with occasional breaks through to 155, and in one instance to 154. There was quite a rally from this low figure, however, the stock being carried up to 161 again, followed by another decline to 156, after which new lines began to form at 158-159.

On the next drive the stock is again supported at 156, which is a higher supporting level than the 154-155 extremes, and after twice pounding down to the 156 line, there is a quick spurt up to 161. Here we find resistance again, but the moment the price touches 162 we are given a signal that the stock is no longer to be held down and to anyone who bought, while the accumulation was

going on, 161 is an invitation to buy more.

The next important point of resistance is 165-166, but this does not hold very long. After touching 169, and reacting twice to 168, the stock rises to its former top, 172.

The reaction to 168 which immediately occurs is the first reaction of more than two points since the stock left 156, and the working back and forth between 168 and 171 forms the long lines at 169-170, and gives evidence that whatever stock was accumulated by large operators at the 156 level is being fed out at the high level.

It is a well known fact that last December there was a very large outside long interest in Reading around 170. Note also that the dividend was increased to 6 per cent., just about this time, a further warning that these were top figures, as insiders and large outside operators generally unload when dividends are increased.

It was a recognized fact in Wall Street that the majority of outsiders who were long of Reading around 170, liquidated their holdings on the way down to the 156 level. One important commission house sold in one day, when Reading was at this point, about 90,000 shares of various long stocks for customers who had bought at the top of the boom.

As soon as outsiders had thrown over their long stocks, they jumped in on the short side of Reading. It seemed as if everyone in the Street was short of Reading below 160, and the consequences were bound to be disastrous.

On the way up to 172 the shorts would cover and put the stock out again, fighting every inch of the advance, but at 172 they had practically all covered. I cannot remember a time when the outside public was so badly whipsawed in a stock as in the Reading campaign which I have described.

THE FIVE POINT FIGURE CHART

In order to get a broad view of the movements of a stock, the figure chart should be constructed in a somewhat different way. If we disregard all the movements of a stock which are less than five points on the full figures, and build a chart on the lines described in a previous chapter, we get what might be called a concentrated view of the long swing movements.

For example, on October 1, 1909, Reading stood at 170. It declined to 161 on the full figures. If it had declined only to 166 and then rallied to 169 or 170, no notice would have been taken of this swing, because the stock did not touch 165, but as it did decline to 165 and then proceeded down to 161, it gave us the basis for a five point figure chart movement.

We give herewith this five point figure chart of Reading from October 1, 1909, to May 2, 1910. Points of accumulation and distribution are shown very clearly.

Five Point Figure Chart of Reading Oct. 1, 1909, to May 2, 1910.

The most striking feature of the chart is the heavy distribution which took place beginning with the last time the stock touched 172. Here we have a series of lower tops and lower bottoms, the whole formation having the appearance of a hornet's nest hanging from a drooping limb. At almost any stage of this distributive process one could have predicted what would eventually happen, viz., a "running" decline in Reading, which on May 3 touched 154.

Why Bonds Are Declining

The Connection Between Extravagance and the Falling off in the Demand for High Grade Bonds.

By ROGER W. BABSON.

THOUGHTLESS spending is the great curse of the day. Almost every nation, state, city, corporation, firm and individual is to-day spending more than it ought on unproductive things.

The nations of the world are building battleships at a rate which is almost beyond comprehension, and yet in a few years these will all be obsolete. States and cities are borrowing and spending apparently without the least concern as to the effect of these expenditures on future taxpayers; corporations and firms are so ruthlessly running into debt that the calling of the loans of an average country bank would cause 60 per cent. of its customers to go into bankruptcy, if they could not borrow elsewhere.

But however bad these things are, they do not begin to have such far reaching results as the petty extravagances of the individual. Ninety-nine per cent. of the people of this country are to-day spending one-third of their money in purely unproductive and wasteful ways and thereby bringing on high prices and other disasters. If they would save this money and invest it in productive enterprises better and healthier conditions for everybody would result. When one considers what huge sums are spent on harmful pleasures—excessive smoking and drinking, extravagant millinery, theatres, travel, unnatural hotel life, jewelry, and a host of other such things, *by persons who cannot afford it,* is there any wonder that there is no greater demand for bonds?

I am not referring to the extravagances of the rich, as they are buying securities to-day; but rather to the useless expenditures of the average man making from $1,500 to $3,500 a year. Many of these men are now saving nothing—and perhaps borrowing—when they might be buying one or more bonds every year. These are the men who are buying automobiles and other luxuries in a way which—unless the craze is stopped—will be in danger of throwing this country into a period of severe business depression.

Now some may say: "Am I not circulating the money better and is not the country as a whole more prosperous if I purchase an auto instead of a bond?" My answer is: "Most assuredly NO." The money is bound to circulate just the same whether you buy an auto, or a bond, or deposit the money in the bank; but this isn't the point. The great economic difference lies in the fact that when one buys an auto the money is used to pay men to make an *unproductive* machine, and in a few years there is nothing to show for this labor; but when one buys a bond, the money is used to develop a *productive* enterprise, such as water-power, an irrigation ditch or a railroad, which will be a source of wealth to future generations.

I mention automobiles especially because of all things I believe they are the one most apparent factor causing the present decline in bonds. Of course, considering all the people, intemperance is probably the greatest curse; but the class chiefly affected by intemperance would not be especially good prospects for bond salesmen. The men, however, who buy autos should buy bonds, and of the $400,000,000 which this year will be spent on autos and their accessories at least $350,000,000 is being spent by men who cannot afford

it and who should invest the money in good securities.

These figures refer simply to one year's output of machines and not to the manufacturing plants. Certainly there must be fully as much more invested each year in new plants, making a total for 1910 of about $700,000,000 of new money spent on the automobile business.

When one considers that this is above the average *total* transactions in bonds for an entire year on the New York Stock Exchange, the importance of the matter is very evident.

But this is not all; automobiles are only one item. When one analyzes and summarizes all the unproductive and unnecessary expenditures of the average man, the total is something stupendous. If only a fractional part could be devoted to the purchase of bonds, investment bankers would be amazed at the great increase in business confronting them. Moreover, as money received from the sale of securities is used by the corporations for developing their business, thereby producing more goods at less money, our exports would rapidly increase and we would enter a period of true prosperity.

Now, how can this be brought about? I know of but one way, namely, by a campaign of education. To-day it is the fad to spend money on useless and unproductive things. Why should it not be the fad to save money and invest it intelligently in legitimate enterprises? We need to wage a campaign on intelligent use of money with the slogan, "Invest money instead of spending it." We should look up to men who save rather than to men who spend. We should condemn those who are living beyond their means and exalt those who refuse to follow the crowd.

In short, why not institute a campaign to form public sentiment in favor of saving and investing? All bankers and all manufacturers engaged in the production of necessities could well afford to aid in such work. Our government might solve its tariff and tax problems by aiding also. "Economy Clubs" could be formed in each community, every member pledging himself to reduce his unproductive expenditures and to invest the money (not hoard it in banks) in some legitimate industry which would directly or indirectly increase our exports. These clubs might have classes in applied economics, and popular lectures during the winter season on important fundamental questions affecting the community in which the club is located.

These are but one or two ways. Time would devise many other ways to accomplish the desired results. What we need now, immediately, is to recognize the difficulty and each to begin in his own home and in his own way and apply the remedy. And just as rapidly as people begin to reduce their useless expenditures, they will be sure to increase their investing, and this in turn will increase the demand for securities and enable manufacturers to readily obtain all needed money, which in turn will reduce the price of commodities, increase our exports and bring about a period of true prosperity. On the other hand, as long as things continue as at present, bonds and similar investments will continue to decline until there is a forced readjustment caused either by a few years of intense depression or by another great panic.

The English Rubber Boom

Causes and Probable Limit of this Remarkable Speculation.

THE English rubber share speculation is an illustration of the psychological element in speculation which leads men to buy or sell, not because they believe that a stock is below or above its intrinsic value, but because they think others will buy or sell.

Suppose 1,000 persons are trading in a stock and each one is saying to himself: "Probably this stock is not worth half what it is selling for. So far as I know it may not be worth anything at all. But these 999 fools around me have all gone crazy over this stock and they are going to put it higher. The thing for me to do is to follow the crowd." It is easy to see that curious results are likely to follow.

This is the psychology of the crowd. If a pack of hounds are all running and baying together, each dog runs faster and farther, because he sees and hears the other dogs around him. The human species has not yet reached the point in its evolution where it is superior to this sympathetic influence.

THE TULIP MANIA AND THE SOUTH SEA BUBBLE.

The most remarkable example of the heights to which prices may be carried in this way is found in the famous tulip craze in Holland in 1634-36. New and beautiful varieties of the tulip were introduced and it was believed that the demand would be far greater than the supply. A furious speculation in them arose. Single bulbs sold as high as $5,200; ownership in single bulbs was divided into shares like a corporation; bulbs were sold before their existence. and were extensively sold short by those who possessed none. Of some varieties far more were sold than there were in the world. Paper fortunes were made over night and a large part of the population went temporarily crazy over tulips. Of course the collapse brought ruin to thousands of speculators.

Another instance is found in the "South Sea Bubble." The South Sea Company was an English corporation which had been granted certain trading monopolies along the South American coast. The shares were first offered April 7, 1720, at the rate of £300 for each £100 of capital stock. They were greatly oversubscribed and in a few days advanced to £340.

Smollett's History of England says: "The infatuation prevailed till the 8th day of September, when the stock began to fall. Then did some of the adventurers awake from their delirium. The number of the sellers daily increased. On the 29th day of the month, the stock had sunk to £150. Several eminent goldsmiths and bankers, who had lent great sums upon it, were obliged to stop payment and abscond. The ebb of this portentous tide was so violent that it bore down everything in its way, and an infinite number of families were overwhelmed with ruin. Public credit sustained a terrible shock; the nation was thrown into a dangerous ferment; and nothing was heard but the ravings of grief, disappointment and despair."

These historical examples occurred at a time when banking facilities were slight and insecure and the science of investment, as practised to-day, was unknown. Also the level of public intelligence was much lower than at present. A repetition of such incidents under modern conditions would doubtless be impossible.

BASIS OF THE RUBBER BOOM.

The speculation in rubber shares has a reasonable foundation in the great increase in the demand for rubber within the last few years, chiefly for use in automobile tires. It is reckoned that a mo-

tor car wears out two sets of tires each season on the average and the output of new machines has been enormous.

The result has been large profits for the rubber companies already established. Hence new flotations have been eagerly absorbed and the prices of their shares rapidly advanced. The conditions which have encouraged this speculation have been catalogued as follows:

"(1.) An extraordinary increase in the new demands for rubber.

"(2.) Slow growth of the new supply, which requires six or seven years to amount to anything.

"(3.) A sensational jump in rubber prices at the tri-weekly sales. Since 1908, the quotation for Para rubber, which rules the market, has quadrupled itself, having run up from 2s. 9d. to 12s. 10d. per pound.

"(4.) Huge profits of the older rubber companies, which, having been lightly capitalized, and well managed, show relatively large dividends.

"(5.) Opportune appearance of rubber shares on the Stock Exchange when regular markets were dull and a new class of business was very welcome to dealers.

"(6.) Extensive outside connections, provincial and foreign. London alone has two rubber markets—the Stock Exchange and Mincing Lane. In the provinces, there are half a dozen, with all of which a large shunting business is carried on. To these have lately been added four more active markets on the Continent—namely, Paris, Amsterdam, Brussels, and Berlin.

"(7.) The great facilities now enjoyed for international operations. French, German, and Dutch speculators can operate in London as easily and almost as quickly as if they lived in Drapers' Gardens or Old Broad Street.

"(8.) These influences have of late been greatly intensified by rumors of a corner in rubber. Such rumors were the more credible as the stocks in Europe are always small and should not require a large amount of capital to buy them up. But that is assuming they could be got hold of and locked up, which is doubtful."

The valley of the Amazon contributes over half the world's supply of rubber, and tropical Africa nearly one-third. This is practically all "wild" rubber. Within a few years, however, the high prices have encouraged the growth of cultivated rubber plantations, especially in the Federated Malay States, India, Ceylon and the Dutch East Indies.

The genuine basis for the high prices of rubber shares is shown by the great success of important rubber companies formed five or six years ago:

Company.	Par Value (Shillings).	Market Value (Shillings).	Div. 1908-9.
Anglo-Malay	2	23	30%
Burkit-Rajah	20	250	55
Cicely	2	36	50
Linggi	2	42	60
Pataling	2	40	45
Selangor	2	50	75
Vallambrosa	2	36	80

HOW WILL THE BOOM END?

The London *Economist* thus describes the recent rubber market:

"From all parts of the country poured in orders to buy, buy, buy. A broker's office early this week was no place for the casual caller, and jobbers thought themselves happy if they got so much as a sandwich between ten in the morning and five at night. The market itself was sheer bedlam. Brokers over and over again abandoned the attempt to deal, and wrote down their orders for jobbers to execute. The jobbers, making money at the rate of one to five pounds per minute, drove frantically into the crowd, which was radiating heat like a furnace, and made prices gaily in shares of which they scarcely knew the name."

Nearly all these purchases have been for cash. The Stock Exchange has steadily refused to contango rubber shares and the joint stock banks have for the most part refused to accept rubber shares as collateral. This has kept the boom, generally speaking, on a cash basis, and will probably prevent any serious disaster.

Another important feature is the wide distribution of the shares. They are of low par value and in many cases have

been taken right off the market by small investors scattered throughout the United Kingdom and in foreign countries. This puts the market in a strong technical position as compared with trading on margins.

Eventually the increase in the production of rubber will bring the price back to normal figures and the shares of the rubber companies will decline accordingly, but this will be a matter of years. The London *Statist* estimates the future output of rubber as shown in the table herewith.

It will be seen, therefore, that unless some substitute for rubber is discovered, high prices seem to be assured for some years to come; and so far nothing has been invented which can take the place of the natural rubber.

It is probable that the boom will end in an oversupply, not of rubber, but of rubber shares. The hundreds of companies organized are of all kinds—good, bad and indifferent—and the general public has shown but little discrimination in its purchases. Eventually the demand for these shares will be filled up, and some new fad will catch the public fancy. Then will ensue a period of adjustment, and the various shares will come to be valued more closely in accordance with their individual merits.

Estimated Rubber Production.

(In Long Tons.)

	1910.	1911.	1912.	1913.	1914.	1915.
Brazil	40,000	39,000	39,000	39,000	38,000	38,000
Plantation (British).	5,000	8,000	12,500	17,500	23,000	33,000
Plantation (Indian).	1,600	2,600	4,200	5,800	7,600	11,000
Rest of the world...	26,000	26,000	27,000	27,000	27,000	28,000
Total...........	72,600	75,600	82,700	89,300	95,600	110,000

Bird's Eye Views

Studies of Value Based on a Broad Survey of Conditions

By G. C. SELDEN

IX.—The Louisville & Nash ille Railroad System.

LOUISVILLE & NASHVILLE has the enviable distinction of being the only important railway system in the United States which has decreased its capitalization per mile during the past ten years.

Most of the great roads have issued bonds or stock or both to meet their growing requirements, to reduce grades, straighten their lines, improve their bridges, lay heavier rails and in general to prepare to handle the greatly increased volume of business which has been offered them.

Not so the Louisville. When the big business of 1905 began to tax the facilities of that road, as it did those of nearly every other road in the country, Louisville met the crisis by applying a larger proportion of its gross earnings to improvements. During 1903-4-5, about 30 per cent. of gross receipts was applied to maintenance; in 1906, 34 per cent., and in 1907, 38 per cent.

Even in 1908 this policy of building up the road did not pause, but 35 per cent. of gross went to maintenance. Louisville was seizing the opportunity during a comparatively dull year to prepare for big business to come. It was one of the very few railroads in the United States that had an income permitting it to do this without increasing its capitalization per mile.

As a result, 1909 found the road in shipshape condition, and it was able to handle its business smoothly and economically with an expenditure of only 30 per cent. of gross for maintenance. Louisville had taken time by the forelock; and it was this state of preparedness which caused the total net income per mile to jump from $2,839 in 1908 to $3,897 in 1909.

The chart herewith shows at a glance two very important facts:

First, While the mileage of the Louisville has risen in 10 years from 3,007 miles to 4,393, and while the average condition of this mileage and of the equipment used on it has been greatly improved, yet fixed charges per mile have shown an actual decrease.

Second, The continuous drop in net income per mile from 1904 to 1908 shows the application of earnings to betterments. In 1909, improvements having caught up with business to be handled, net income takes a phenomenal jump.

It is this condition which has caused earnings on par to mount to 17.8 per cent., as shown in the May "Bargain Indicator," and has permitted the directors to raise the dividend rate to 7 per cent.

CAUSES OF LOUISVILLE'S FINANCIAL STRENGTH.

Productiveness of territory, able management, maintenance of fair rates and absence of destructive competition, may be assigned as the principal reasons for this extraordinary showing.

The Louisville system may be briefly described as connecting Chicago, St Louis, Louisville and Cincinnati with Memphis, Knoxville, Nashville, Birmingham, Atlanta, New Orleans, Mobile and Pensacola. The Louisville and the Illinois Central are the two main highways leading from the northern part of

the Great Central Basin and the Great Lakes to the cities of the Central South and the Gulf Coast.

The population of the territory covered by the directly operated lines of this system has increased about 45 per cent. during the last ten years. The prosperity of some of these Southern cities, such as Memphis, Knoxville, Birmingham and Atlanta during 1906-7 was almost of the boom variety. If there is left any benighted Northerner who thinks of these cities as sleepy Southern towns, he should wake up and hear the band play.

Agriculture also has taken a new lease of life in the South. Tennessee has a greater variety of vegetation than any other state in the Union and both Kentucky and Tennessee are splendid farming states. Northern Alabama is a storehouse of valuable minerals. As every one knows, iron can be produced there more cheaply than anywhere else in the world, because the coal and the iron ore lie side by side. Southern Alabama, though very fertile, is in the "black belt" and produces chiefly cotton and corn; but along the Gulf Coast truck farming and fruit growing are beginning to flourish.

Neither competition nor public opinion has forced down rates in this Southern territory to the same extent as north of the Ohio River. Consequently the Louisville has received as a rule excellent remuneration for its services.

WHAT OF THE FUTURE?

There can be no doubt that the Gulf ports, and through them all the producers of the South and of the Mississippi Valley, are in line for rapid growth in the not distant future.

The Tehuantepec Railroad has already shortened the distance between Atlantic ports and San Francisco, Honolulu, Japan and China 1,000 miles, as compared with the route via Panama. The business of the Tehuantepec road has increased 100 per cent. in the last two years. The Panama Canal will be ready for use within a few years and a great increase in commerce between the Gulf ports and the Pacific Coast of both North and South America must result.

A growing traffic across the Gulf with Mexican and Central American ports is also a certainty. Mexico in particular is being rapidly Americanized. Our investments there are estimated at $1,250,000,000. Says a recent writer:

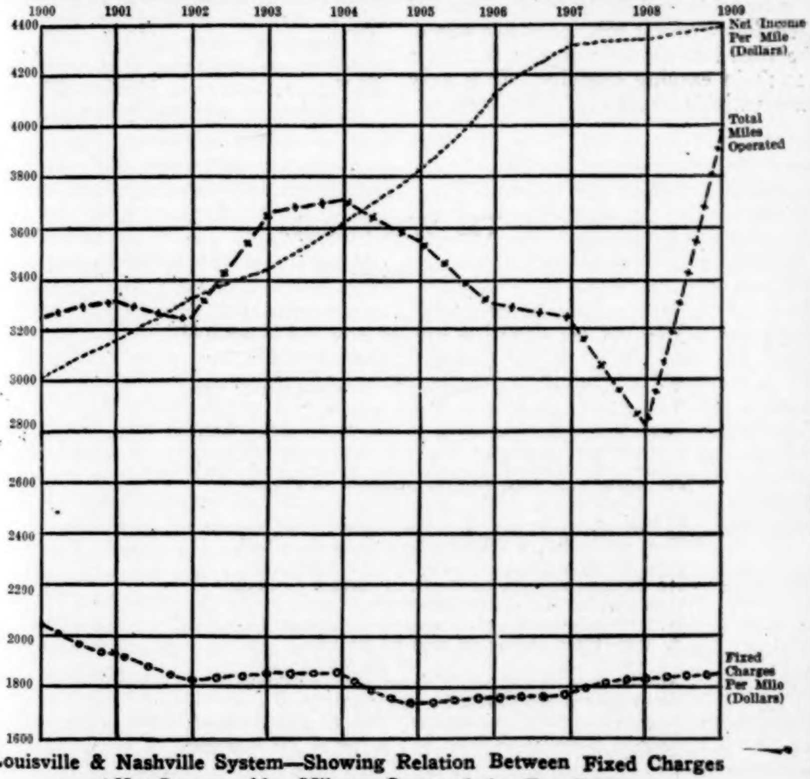
"In a journey from El Paso to Mexico City one sees more Americans than Mexicans in the class of men active in projects for the development of Mexico. In fact, almost all the present and contemplated undertakings are noted as being done by Americans, with American money. This situation is emphasized in the capital, where American banks are more frequent than Mexican. There also you talk over American telephones, you ride in American automobiles, you get your meat from an American slaughter house, you buy your shoes from an American factory and your steel from American structural works, you read an American paper in the morning and another in the evening, you get your meals at a tremendously handsome and large American club, you ride in an American trolley car, the city is lighted by an American electric company, and American capital is doing the work on a new water system. You travel in American railway coaches on American built railways, paying for your accommodations money which is largely made from bullion taken from American-owned mines."

Trade between the United States and South America has doubled in ten years in spite of the fact that our great prosperity at home has prevented manufacturers from actively cultivating foreign trade. That any important reaction in trade at home would result in a rapid increase in exports of manufactured articles, no one can doubt who has studied the situation. With most factories it has of late been a question of getting the capital and facilities for supplying the urgent home demand—they have not been in a position to cater to foreign requirements. Newspaper writers scold our manufacturers for not making goods adapted to foreign peculiarities, without seeming to realize that the reason the manufacturer does not do this is that he can sell more goods at home than he can make.

This must prove a temporary condition. The United States is filling up. It is even possible that our next great era of expanding trade may be based largely upon exports of manufactured goods. South America is the natural field for American manufacturers and to get their goods to that market, many of them will use the Louisville & Nashville and its Gulf ports. Direct commerce with Europe via Pensacola and Mobile is also a growing factor.

The Chicago, Indianapolis & Louisville is controlled jointly by the Louisville & Nashville and the Southern Railway, while the Louisville and the Atlantic Coast Line are joint lessees of the Georgia Railroad, comprising a system of about 600 miles.

A new low-grade cut-off has recently been constructed between Knoxville and Atlantic, from Etowah to Cartersville, which makes this route an important freight line to the Southeast. From



Louisville & Nashville System—Showing Relation Between Fixed Charges and Net Income, Also Mileage Operated, for Ten Years.

A COMPLEX SYSTEM.

The Louisville is a part of a complex system of roads. It is controlled by the Atlantic Coast Line, which owns a trifle over 50 per cent. of its stock. The Louisville, in turn, controls the Nashville, Chattanooga & St. Louis and the Louisville, Henderson & St Louis.

Montgomery to New Orleans the Louisville & Nashville forms a part of the favorite route from Washington and the great Northeastern cities to New Orleans.

The varied traffic of this system gives its earnings unusual stability, as is shown by the fact that its gross earnings per mile in 1909 were practically

the same as in 1908 and in 1906. The Louisville is not a "coaler," yet coal is probably the largest item of its freight. Iron and steel, lumber, general merchandise, grain and tobacco form important parts of its traffic. Cotton is a relatively small factor. Louisville's traffic density is more than double that of the Southern Railway, but is slightly under that of the Illinois Central.

The minority stock of the Louisville & Nashville must be considered especially attractive to the investor, if purchased at reasonable prices and in a period when fundamental conditions are sound. The road has shown a steady and solid growth in earning capacity. It is very conservatively capitalized, has been exceptionally well managed, and has excellent prospects for future development. High and low prices and dividends paid for ten years are given herewith:

Year	High	Low	Div.
Mar. '10	155½	148½	...
Feb. '10	155½	141¼	3½
Jan. '10	159¾	143½	...
1909	162½	121	5½
1908	125¾	87¼	*6½
1907	145⅛	85½	6
1906	156½	136¼	6
1905	157⅜	134½	6
1904	148¾	101	5
1903	130½	95	5
1902	159½	102⅛	5
1901	111¾	76	5

* Includes 1 per cent. extra in stock.

The Weathercock.

There's a type on the Street of the seeker for gold,
Who one day blows hot, and the next one blows cold;
You can never be sure if he's bull or he's bear,—
That he is a lamb, you can count on for fair.
To his broker's each morning he comes down at nine,
To see how quotations in London incline;
Next, he reads every scrap of the gossip that's flashed,
Consisting of news for the most part re-hashed;
Those self-same old stories, fresh ground from the hopper,
On Sugar and Steel and the combine on Copper.
He peruses them all in a manner intent,
If they gibe with his views he is more than content.
They are bullish, perchance, then he too is a bull,
And cheerfully orders stocks bought for a pull.
He disdains thought of limits, at market he buys
And then to the ticker impatiently hies;
He's already made profits galore—in his mind,—
A deep-seated failing of men of his kind.
But quotations go off, that bull tip was a fake,
And he says in distress, "I have made a mistake."
So at figures the lowest he closes the lot,
And then sells 'em short, says "They're going to pot."
Now, a sure-enough bear, he's prepared for a slump,
But just at that moment the list takes a jump.
It continues to rise, a big loss is in view,
And he's at a loss to know just what to do.
You can put it right down as an absolute fact
He's certain to miss it, howe'er he may act.
With no mind of his own, by each breeze turned around,
A Weathercock fiddle, for wreck he is bound;
And it's merely a question of time with this chap,
When he and his cash will be wiped off the map.

—*Boston News Bureau.*

The Office Manager

A Notable Change in the Type of Men Employed in This Position.

By LEWIS B. HALL, JR.

DURING the past ten years of great speculative activity, there has grown up in stock exchange houses a distinct class of employees whose position is rather unique. They are the genus *Office Manager*. As a class their activities were especially noticeable during the period 1900-1906, when their influence was felt not only in the large speculative wire houses of the East, but also, and maybe to a greater degree, in the flourishing and sometime opulent bucketshop of the Middle West.

The distinguishing features of the Office Manager of that period were his affability, his clothes, his ever-present cigar, and his large commission check at the end of the month. He greeted his own particular clients as they entered the broker's office, told them the latest rumors and related choice bits of contemporaneous history, these latter being in no conceivable way connected with the stock market. The judgment he displayed might be very good or very bad, but it almost always coincided with a previously expressed opinion of the customer for whom the trade was being made. Of actual conditions governing the market at the time, the Office Manager, as a rule, knew about as much as he had read in the financial columns of his favorite morning paper. For other news, he was contented with whatever chat the telephone boy sent over from the Exchange.

After 3 P. M. our hero could usually be found up-town in one of the large hotels where his friends were much taken with his refreshing gossip and his elastic expense account. But, taken all in all, he was a charming fellow, big-hearted, scrupulously honest, whose only defect was that he looked too hard for the elusive twelve-and-a-half. And yet in a sense the blame for this blind chasing of commissions was not entirely his, but should be shared by the house that employed him. As long as stock exchange firms were willing to buy customers, plenty of persons in the guise of Office Managers could be found to act as the go-betweens.

Since the culmination of the last bull market in the latter part of 1906, certain firms have learned, through their own experience or that of brother members, that the little eighth commission is a very small thing and that a mistake in the method of getting the business often results in the losing of large thousands. The policy of doing business with Tom, Dick and Harry on *their* terms instead of on business principles has been a mistake of method that has broken many a supposedly strong house. The old-time office manager was a consistent growth of this mistaken method, but his disappearance the last two years has been rapid, and thoughtful observers have offered the opinion that within a comparatively short time he will become obsolete

Not that there will be an entire abolishment of the position of office manager, but a different type of man will be selected to fill it. Many important houses the past two years have come to recognize that something different is wanted in their offices; that instead of an agreeable, sociable personage to handle the customers, some one combining these qualities with the more enduring attributes of an all around well informed man is needed. The tendency now in practically all firms of standing is to employ just such an individual.

The successful office manager to-day is one who is well grounded in the first principles of economics and finance. He has a fair knowledge of past performances of the bond and stock markets, an intimate knowledge of present prices,

and he is by no means ignorant of the state of affairs in the cotton and cereal worlds. He is an indefatigable student of earnings, past and present, and can give sound advice to the investor in conservative bonds. The state of the money market, general business conditions and all other fundamental factors determining stock prices must be closely followed so as to give customers the benefit of his investigations.

In a word, the primary requisite of an up-to-date Office Manager is to be well informed. His ability to get new customers is now a secondary matter. Should he have that ability, his firm is bound to recognize it, but this ability with nothing else is not now generally recognized by the best houses. The superior equipment of the plant is relied upon to get new business rather than the personal embellishments of any member of the force.

This is a natural change, in view of the campaign of financial education and enlightenment instituted by the press and magazines the past few years. During this campaign, much has been written that might justly be termed addlepated finance, but the net result has been an undoubted advantage to the small dealer in stocks and bonds. Most customers want to know these days just why they are making a trade. They consult the Office Manager regarding earnings, density of traffic, maintenance, appropriations and future prospects. They are not so prone to trade merely on somebody's tip, or because the market looks strong and inviting. The so-called public now wants something definite on which to base transactions. Outsiders want facts instead of rumors, and statistics instead of tips, and the Office Manager has to provide the necessary information.

Perhaps the most difficult thing an Office Manager runs against in handling customers is the strong propensity of the latter to speculate on past or present facts instead of on the future. The height of success is attained by the Office Manager when he can influence customers to take the facts he gives them and on these facts base their calculations of future prices.

Selling Short

The Importance of Being Able to See Both Sides of the Market.

A CLIENT went into a brokerage house during the decline of the last week in April and said to the manager: "Here is a list of the stocks I am carrying. Please figure how far down I am protected with my present amount of margin."

I do not know anything about this man, his stocks, nor the amount of his margin, but I do know this: He will go broke sooner or later. They're sure to get him.

People who are carrying stocks at this stage of the game, and who are figuring "How far down they can carry them," will be found among the victims of the next panic if they do not pass away in the meantime.

This man probably bought stocks all the way up, and had his biggest load at the top. He is probably letting go a few shares now and then in order to lighten

the load and to enable him to carry some of his holdings down to the low point of the current decline. His eyes are not yet opened to the fact that we are now in a bear market, a bear market being one which is continually making lower levels.

In November, 1907, the average price of twenty railroad shares was about 82. In August, 1909, the same stocks averaged 134, a rise of 52 points. On the day when this trader came into his broker's office the average price stood at 119, representing a decline of 15 points after a rise of 52 points. Here he is with a load of stocks which already begins to worry him, trying to figure out how long he will last!

It is a "cinch" that the "stop order" has no place in this man's financial equipment. Assuming that he had big profits, he did not know how to protect them. He is like a man who thrusts his hand into a receptacle just large enough to admit it and grabs a big handful of what he finds therein. When he tries to withdraw his fist it is so full that he can't pull it out.

Having declined 15 points on the average, the market has reached those who protected their stocks 10 or 15 points, but has not yet punched a hole in the armor of those who hang on for 20, 30 or 40 points. There is a common expression among certain Wall Street traders. "My stock is margined down 30 or 40 points and they can't get me." These are the people whose margins are exhausted at the bottom of the big declines.

I know of a case where a trader started with $2,000 in 1907 and in December, 1909, he had $15,000 profit. He was a bull in a bull market. But the January decline took away all his profits in thirty days.

What is the use of working and perspiring for two years piling up profits, and then letting them all run away from you in a twinkling? There is just as much money to be made in a bear market as in a bull market.

As previously expressed in these columns, a trader who cannot sell short should buy only in panics, sell out his stock in booms, put the money into a trust company, and wait until the next panic. By operating in this way he can make his living elsewhere, and the net profits of his stock market operations will take care of him in his old age.

If one intends to follow the market month in and month out, he must, if he would gain success, learn to sell short. Anyone who says he cannot sell short is like a child who is afraid to go into the dark. It is absurd for any man of ordinary inteligence to say that he cannot learn to sell short. He can learn anything. When he says that he cannot he means that he is too lazy mentally to train himself into the attitude necessary for short selling operations.

The secret in selling short lies in the use of a stop order. It is not necessary to place the stop at any hard and fast point, such as two points away—make it three points, five points, anywhere you like, so long as there is sufficient protection to warrant you against lying awake nights.

The idea of seeing how far you can carry a thing down, in other words, how big a loss you can take, is a school boy's way of playing the market.

For the past seventeen years we have averaged a panic every two years and ten months. This means that those who bought stocks in panics have been able to sell out within the next year or two at 50 to 100 per cent. profit on the money invested, and had only to wait a few months or a year before there was a fresh opportunity to buy at panic prices. But the people who bought, then increased their line, then bought more and then some, are the ones who have had it all taken away from them in the first twenty point decline when the bear market started. It has then taken a couple of years for them to save up enough money to go at it again, or else they have been financially dead ever since.

Learn to sell short.

If you can't sell short and play a bear market down as well as a bull market up, then you are a lopsided trader.

Don't be lopsided.

The Value of Patience in the Stock Market

A Correspondent Presents Some Interesting Quotations.

IT is my opinion that more fail in speculation for want of patience to wait for the proper opportunity to take hold, and for want of patience to hold on for the right time to take profits than any other reason.

Speculation is calculated to try one's patience. That is part of the game. The "big fellows" win simply because the patience of the traders and little fellows becomes exhausted. They win when the "sponge" goes up.

Trading too often will "queer" the whole scheme of patience—and you lose. Listening too much to random gossip will upset the patience proposition. Job was all right on patience, but he never had his tried on market "dope."

I know of no better method to impress this on the reader of this article than to make some quotations from writers who have been long in the Street.

Henry Clews in his book "Fifty Years in Wall Street," says: "But few gain sufficient experience in Wall Street to command success until they reach that period of life in which one foot is in the grave. When this time comes these old veterans of the Street usually spend long intervals of repose at their comfortable homes, and in times of panic, which sometimes come *oftener than one a year*, these old fellows will be seen in Wall Street hobbling down on their canes to the brokers' offices.

"Then they always buy good stocks. Later on they realize. If young men had only the *patience* to watch the speculative signs of the times as manifested in the periodical egress of these old prophetic speculators they would make more money. Those who follow this method always succeed."

On page 234, Vol. V, of THE TICKER magazine is a chart. Reader, get this chart and study it carefully. You will be very forcibly struck with the idea that the exercise of patience would have rewarded the speculator for the time he waited.

John Moody cites a case which illustrates what *patience* can accomplish.

"There is a saying in Wall Street that it is dangerous to have one's nose *too close to the ticker*. In judging the stock market and undertaking to forecast the course of prices, it is not only *dangerous* to be too close to the ticker, it is *disastrous*. In order to intelligently judge any broad trend, one must have perspective, and the position next to the tape affords no perspective whatever. A correspondent out in Wyoming, who never spent twenty minutes in a broker's office in his life, has recently reported to me that in January, 1908, he put $40,000 into the stock market by purchasing on a good margin 1,000 shares of Steel common and 1,000 shares of Union Pacific common. This in itself is no unusual thing, but the unusual thing is that this man has not yet (August, 1909) sold a share of either the Steel or the Union Pacific. Had he been in close touch with Wall Street, or had he been receiving and accepting advice from brokers' offices during the past eighteen months, the chances are about a million to one that he would long ago have sold both stocks instead of being in possession of a fortune, as is actually the case."

The same writer says:

"There is a large class of semi-speculative investors who always wait for these bargain days."

Frank Fayant in a recent magazine article says:

"The conservative investor, with a surplus that he can spare for speculation, has more than a reasonable chance of

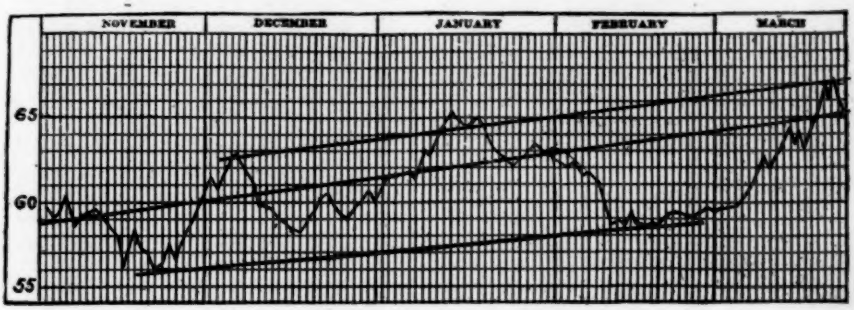
making a profit by buying good stocks in panic periods and selling them in boom times. This may take him to Wall Street only once in a year or two, but he will make a good deal more money than the man who goes there every day."

The article, "A Specialist in Panics," in Vol. II of THE TICKER magazine, continued through three numbers, ought to be in every well regulated family, and should be thoroughly read and digested by every person before venturing into speculation. Read it, if you have not already; if you have read it, read it again.

Henry Hall, in his book "How Money is Made in Security Investments," says: "An investor should seldom be in a hurry. By waiting a few months or even a year, and by proceeding in a perfectly cool and matter-of-fact way, he will sometimes buy a favorite stock many dollars a share cheaper than the price ruling at the moment. Safety of capital can only be assured by buying stocks when they are cheap and when there is a prospect of higher prices for them. *This cannot be insisted upon too strongly,* * * * and a man who cannot wait for a decline has no business to put his money into stocks."

Thomas Gibson in concluding his book "Cycles of Speculations" says: "It is submitted in concluding this work that if the advice given is heeded, *i. e.*, to know *what* you are buying and *why;* to buy only *good* properties when prices are *depressed;* to *exercise patience,* and provide sufficient capital; to eliminate first and forever the idea that correct deductions mean sudden riches; to use brains instead of charts, and common sense instead of tips; in short, to apply ditions are always suitable for one of to speculative ventures the same degree of business foresight and understanding as would be employed in any other business, the evils and losses which have always been a part of speculative history would be diminished, if not eliminated."

Roger W. Babson says: "The idea that one should invest money as soon as it accumulates, is absolutely wrong. The most successful investors are those who confine their purchases to high grade se-



Average Prices 41 Stocks, November, 1907, to March, 1908.

curities and devote their attention to determining *when* to buy, *when* to sell and *when* to remain out of the market. Con- these three courses."

How many ask themselves these three questions before venturing?

In Vol. II of THE TICKER magazine, page 23, is an article, "The Value of Patience," by Thos. Gibson. A chart accompanies this article. Mr. Gibson says: "It will be observed that the unfortunate individual who bought at the top in December or January and held his position made money; that the man who bought at the bottom in November and sold at the bottom in February also made money, and that the man who bought at the beginning and sold at the end of the period made money. The opportunities during this five month period were good. There is no getting away from that. The whole matter hinges on the use of intelligent methods. But I can put my finger on dozens of in-

stances where speculators have lost money on *purchases* in this period. The whole trouble lies in the everlasting *get-rich-quick* idea which induces a man to do something every day or every week."

I may well close these quotations with the remark of Jay Gould: "The first requirement of success in Wall Street is Patience; the second, Patience; the third, Patience.

Experiences of a Novice

EVERY time there is a reaction in the stock market I am always expecting twice as much, which seems to remove me from the circle of the "panic specialists."

In looking backward and trying to find an explanation, perhaps my experience justifies my expectations. Some years ago I used to read occasional magazine articles about Wall Street, the tenor of which was generally that the stock market is "one big skin game." I used to see skulls and cross bones decorating pictures of tickers, and men jumping off of bridges, and others shooting themselves. If I remember rightly, these pictures were spread over the newspapers only after protracted declines; I never see such warnings any more, now that the market is up.

It was not until the summer of 1907 that I seriously thought of buying a stock. Having decided to try it, and being afraid to buy on margin, and also not having strong confidence in any particular issue, I bought a variety of stocks in small lots, selections being made with the assistance of a friend whose judgment I thought would be good. My first purchase was made July 30, 1907, and August 2d and 3d I concluded my purchases.

You will see by the dates named that I got in just in time for the big show, and in three weeks' time I had the most positive proof that Wall Street is the worst kind of a shell game, seemingly. I didn't sell out, however. The market rallied to a point where I was not far from even. By the end of October I found one-third of my capital wiped out. Still I didn't sell out, although I felt like doing so, but held on, and in about a year was able to liquidate at good profits, though I had not expected to do so.

In January, 1909, I thought I would make another try, this time on margin, and bought Steel Common at 53, averaged at 51, 49 and 47, and sold the lot at 44 in February. (After this experience I wouldn't "average" a trade if gold bricks went with each certificate.)

This was enough to last a good long time. In the meanwhile I got acquainted with your magazine, and in December, 1909, thought I would try again, being especially obliged for your suggestion to use stop orders.

I bought ten shares at first. This stock didn't move, so I bought ten more of another stock; this didn't move, and I bought ten shares of another stock; none of these moved, then I added ten of another, hoping at least one of them would go up. I kept this up until I had in all 100 full shares, bought 10 at a time, all different stocks, except Pennsylvania, which I bought at 135, 136 and 137. Everything I had was sold on stop orders early in the January decline, the average loss being two points. The 30 Pennsylvania I sold at 134.

These 100 shares were carried against about $700, or seven points protection. The broker said he did not care how small the margin was if the stocks were stopped and he was protected. While it cannot be said that I got wiped out, yet the account was materially weakened in being cut from $700 to about $500.

After the January decline culminated I did not buy back anything I had sold, though I could have done so from eight to fifteen points lower, nor have I done anything in the market since I got out.

Now that the market has had a steady rise of over a month, I feel like buying something, but I don't intend to do so.

You will note that I have entered the market three times, each time as near the top as one could hope to get in, and only a few days or weeks before a most severe decline. The first time I attribute to hard luck.—D. E.

You apparently began to trade before you knew the first principles of the business, and your campaigns were based on "thinks," impulse, etc. You averaged too close. Steel common had risen from 23, and your purchases should have been distributed between the high point made since the panic, and the low point of the panic. You should have figured on Steel receding approximately half way.

For instance, if 59 was the high point, it represented a rise of 36 points from 23; dividing your 36 by 2, you have 18 points, which the stock should have reacted from the high point. If you had divided your purchases into as many lots as your capital would stand and made these purchases on a scale down to 41, paying for them outright, you would have made a lot of money. We do not generally approve of averaging, but if you are bound to average, better do it in this way.

Even with your limited experience, you can realize that it is absurd to buy a stock because your first purchase has not moved. Again, 100 shares of stock on $700 total margin is overtrading, even though you are protected by a two point stop order. You might better use 15, 25 or 40 points than seven points; distributing your purchases among various stocks does not make things any better. A stop order enables you to limit your loss, and in a great many cases to replace your purchases at a lower price.

We should say that none of your losses were due to hard luck; all of them were due to ignorance. You could not go into any other business and make a success of it without knowing the principles, so why attempt further speculation until you know more about it?

Why do you always buy stocks? There are two sides to the market, and if you intend to speculate, you may as well get the benefit of the declines as well as the advances. However, if you intend always to operate on the bull side your purchases should be made in panics, or during the big breaks which occur several times during the year. Careful attention to the long Trend Chart, as shown in our March issue, will keep you from getting in at the wrong stage.

A Fortune Made on the Stop Order Plan.

Method by Which a Prominent Operator Has Accumulated Several Millions.

"HAVE you ever known anyone to make money on the bear side and keep it"? asked a client of a well-known stock broker.

"Yes," replied the broker, "I have known two or three who were not only highly successful on the bear side, but who had the ability to retain what they made and to use their profits as a basis for increased operations on the bull side.

"Of course, every one knows that Mr. Cammack made a great deal of money on the bear side and that Mr. Keene was also a successful bear operator at times. I do not think, however, that Mr. Keene can be classed with Mr. Cammack, as most of Mr. Keene's money was made on the bull side of the market.

"One very successful bear operation of Mr. Keene's was in Jersey Central at the time stock was selling around 110. Armed with certain authentic information and a few hundred shares on the short side, he increased his line, using his profits as additional margin until, as the stock continued to recede, he was short many thousands of shares. The stock declined to the neighborhood of 70, at which point he covered with a profit of over $1,000,000. His original capital on this deal was less than $50,000.

"The principal individual whom I had in mind when I started to answer your question is a well known broker on the New York Stock Exchange, who got his start on the short side of Atchison. He put out his original line in the 80's and pyramided all the way down to $10 a share.

"He made it an invariable rule never to take more than two points loss on any transaction. He reasoned that any one who bought a stock at par on a ten point margin would be better off if he sold out at a decline of two points, on the ground that the impetus which carried the stock down two points would ordinarily be sufficient to produce a still further decline. If the stock was sold out at 98 and repurchased at 95, the trade was in a very much better position with his remaining $800 than if he had held on throughout the break.

"At any rate, this stop order plan was the foundation of his fortune, the bulk of which was made on the short side. His initial operations were, of course, in very small amounts, but he gradually began to trade in larger quantities, and eventually was able to swing lines of five or ten thousand shares.

"His principle of limiting all losses to two points he carried out to the letter, no matter how many shares he had on hand, nor whether he was long or short. I have reason to believe that to-day he is worth three or four million dollars, practically all of which was made on this idea. He did not put his stop orders on the floor, but would always watch the market and as soon as the stock reached the price where he had a two point loss he would close out at the market."

The Bargain Indicator

Declines in Net Earnings on Important Roads

NOTE.—Except where otherwise noted, earnings are herein computed for the *twelve latest* months available, thus keeping the table constantly up-to-date. Additions and betterments are included in the earnings as given, wherever they are so reported as to be distinguishable from ordinary expenses of maintenance, since earnings invested in the improvement of the property are usually of more value to the stockholders in the long run than if they had been distributed as dividends. Such additions and betterments out of current earnings increase the equity of the stockholders and therefore render the stock more valuable.

As this magazine is mailed to subscribers two or three days before it appears on the news-stands, subscribers get the first advantage of the Bargain Indicator.

Railroads.

RAILROAD earnings are gradually becoming somewhat uneven—"spotty," as the newspaper writers delight to say. Generally speaking, the difficulty is that wages, cost of materials and operating expenses of every kind are increasing more rapidly than gross earnings. On certain roads, however, there are special reasons for a falling off in net earnings.

Atchison labors under the common difficulty of a big increase in operating expenses, which were reduced to the lowest point consistent with good maintenance during the comparatively dull business of 1908 and early in 1909.

Kansas City Southern and **Rock Island,** operating in much the same territory as the Atchison, are naturally experiencing the same difficulty.

Chicago & Alton seems to have suffered especially from a shortage of cars, having been unable, according to the statement of the officers of the road, to handle all the business offered it, because of lack of equipment. Whatever the reason, its earnings have shown a steady and somewhat inexplicable decline for some time past.

Northern Pacific has perhaps suffered somewhat from the competition of the new Puget Sound division of the St. Paul, as well as from increased operating expenses.

The old **St. Paul** system shows a decrease in net earnings, but this is made up by the Puget Sound line, on which operating expenses are light because track and equipment are new.

Reading has suffered from dulness in the coal trade as a result of an unusually warm spring, and from the decrease in the activity of the steel business.

On the other hand, many roads show continued heavy increases, as, for example, **Baltimore & Ohio, Chesapeake & Ohio, Canadian Pacific, Denver & Rio Grande, Erie, Pennsylvania, Wabash** and **Missouri Pacific.**

Detroit United maintains its position at the head of the list because the price of its stock is depressed by the uncertainties of the franchise situation. The three-cent fare agitation discourages investors from purchasing the stock.

Toledo, St. Louis & Western stands third, but its position is to a certain extent fictitious, because the Alton dividends are included in its income and Alton is not earning its dividends at the present time. This is doubtless one of the principal reasons why the price of the stock is so low.

Duluth, South Shore & Atlantic preferred shows a small amount earned on the stock for the first time in some years.

Industrials.

The most conspicuous change is the drop in **U. S. Steel** common from first position to twelfth. This is of course due to the recent quarterly report, which showed a considerable decline in net earnings. Such fluctuations are natural in the steel business and may not be especially significant.

American Beet Sugar shows slightly better earnings than last year, in the 1910 report, just issued.

The annual report of **Bethlehem Steel** brings its preferred stock up to fifteenth position with earnings of 10.1 per cent. on the price of 52.

General Electric rises from thirty-second place in the May "Bargain Indicator" to sixteenth place in June, as a result of its report for the year 1909. Earnings of 15 per cent. on par constitute a very favorable showing for this company. Its hold upon the electric business of the country is so strong that 149 does not seem like a high price for the stock under favorable financial conditions.

International Steam Pump, according to figures recently made public for the year 1909, earned 3.9 per cent. on par.

The excellent earnings of **American Telephone & Telegraph** continue. The fact that this corporation makes public its earnings from month to month enables us to keep close track of them. Earnings on par are now about 10.5 per cent., and the company is in a very strong position.

THE BARGAIN

TABLE SHOWING WHICH STOCKS A

RAILROADS

PRESENT EARNING POWER AS COMPARED WITH MARKET PRICE

Position.		Approximate earnings on par.	Price May 12, '10.	Earnings on price.
1	Detroit United	10.9	57	19.1
2	Buffalo, Rochester & Pittsburg common	15.8	95	16.5
3	Toledo, St. Louis & Western common	(a) 6.1	38	16.0
4	Louisville & Nashville	18.2	146	12.4
5	Colorado & Southern common	7.4	61	12.1
6	Minneapolis, St. Paul & S. S. M. common	16.2	138	11.7
7	Chesapeake & Ohio	9.9	87	11.3
8	Union Pacific common	19.9	183	10.8
9	Norfolk & Western common	10.9	102	10.6
10	Wabash preferred	4.9	46	10.6
11	Atlantic Coast Line R. R.	12.6	125	10.0
12	Pittsburg, Cincinnati, Chicago & St. Louis common	(b) 9.6	101	9.5
13	Delaware, Lackawanna & Western	53.6	577	9.2
14	Southern Pacific common	11.7	127	9.2
15	Kansas City Southern common	3.1	34	9.1
16	Brooklyn Rapid Transit	(g) 7.0	80	8.7
17	Reading common	(d)13.6	161	8.4
18	Denver & Rio Grande common	3.2	40	8.0
19	Atchison common	(c) 8.4	110	7.6
20	Canadian Pacific	14.3	189	7.5
21	New York, New Haven & Hartford	(h)11.4	156	7.3
22	Baltimore & Ohio common	8.0	110	7.2
23	Great Northern preferred	9.7	136	7.1
24	Delaware & Hudson	12.1	172	7.0
25	Erie common	(e) 2.0	29	6.8
26	Pennsylvania Lines	(c) 9.3	135	6.8
27	Chicago & Alton common	2.9	45	6.4
28	Cleveland, Cincinnati, Chicago & St. Louis common	5.4	84	6.4
29	Southern Railway common	(e) 1.7	27	6.2
30	Twin City Rapid Transit common	7.0	112	6.2
31	Northern Pacific common	8.0	131	6.1
32	Illinois Central	7.5	135	5.5
33	Chicago & Northwestern common	(c) 8.2	152	5.3
34	New York Central	(c) 6.5	121	5.3
35	New York, Ontario & Western	2.1	44	4.8
36	Missouri, Kansas & Texas common	2.0	42	4.7
37	Missouri Pacific	3.0	70	4.2
38	Wisconsin Central common	1.6	50	3.2
39	Chicago, Milwaukee & St. Paul common	(c)(f) 4.0	138	2.9
40	Minneapolis & St. Louis preferred	1.9	65	2.9
41	Rock Island Company common	(e) 0.8	45	1.8
42	St. Louis Southwestern common	(e) 0.5	31	1.6
43	Duluth, South Shore & Atlantic preferred	0.3	27	1.1
44	Wabash common	.0	21	.0
45	Texas and Pacific	.0	33	.0
46	Minneapolis & St. Louis common	.0	34	.0
47	Iowa Central preferred	.0	39	.0

Preferred stocks earning more than the per cent. to which the dividend is limited, but now receiving either no dividend or less than said limit:

1	Erie second preferred	13.2	48	27.5
2	St. Louis & San Francisco second preferred	(e)18.0	37	48.6
3	Erie first preferred	10.0	46	21,7
4	Southern Railway preferred	8.5	63	13.4
5	St. Louis Southwestern preferred	5.3	74	7.1
6	Rock Island Company preferred	6.4	91	7.0

(a) Includes income from Alton divs. (b) Pref. and com. share equally after com. receives 5%. (c) On increased cap. stock. (d) Includes betterments on subsidiary companies. (e) After deducting pref. divs. (f) Includes earnings Puget Sound Ext. (g) Based on 6 mos. earnings. (h) Figured on $100,000,000 stock—$50,000,000 new stock becomes full paid June 20, 1911.

INDICATOR

ARE THE BEST PURCHASES NOW

INDUSTRIALS, &c.

BASED ON LATEST OFFICIAL REPORTS

Pos.	Date of Report.		Approximate earnings on par.	Price May 12, '10.	Earnings on price.
1	Dec. 31, 1909	Pressed Steel Car common	7.7	39	19.7
2	Mar. 31, 1910	American Beet Sugar common	7.2	38	19.2
3	July 31, 1909	American Linseed preferred	5.8	35	16.5
4	June 30, 1909	American Agricultural Chemical common	7.5	46	16.3
5	Dec. 31, 1909	Central Leather Common	6.3	42	15.0
6	Dec. 31, 1909	American Woolen common	5.2	36	14.4
7	Dec. 31, 1909	International Harvester common	13.0	93	14.0
8	Dec. 31, 1909	Railway Steel Spring common	5.3	39	13,5
9	Jan. 31, 1910	United States Realty & Improvement	9.2	73	12.6
10		Pacific Coast common	(b)13.9	110	12.6
11	May 31, 1909	Virginia-Carolina Chemical common	7.1	58	12.2
12	Mar. 31, 1909	United States Steel common	(a)10.1	83	12.1
13	Jan. 31, 1910	Union Bag and Paper preferred	(c) 6.4	58	11.0
14	Nov. 30, 1909	National Enameling & Stamping common	(d) 2.3	21	10.9
15	Dec. 31, 1909	Bethlehem Steel preferred	5.3	52	10.1
16	Dec. 31, 1909	General Electric	15.0	149	10.0
17	Dec. 31, 1909	American Can preferred	6.7	73	9.1
18	Nov. 30, 1909	Sloss-Sheffield common	6.6	74	8.9
19	Oct. 31, 1909	American Smelting & Refining common	(d) 6.6	79	8.3
20	Dec. 31, 1909	International Steam Pump common	3.9	47	8.3
21	Dec. 31, 1909	People's Gas Light & Coke	8.9	109	8.1
22	Dec. 31, 1909	North American	5.9	72	8.1
23		American Telephone & Telegraph	10.5	136	7.7
24	Mar. 31, 1910	Western Union	(a) 5.3	68	7.7
25	June 30, 1909	Distillers Securities	2.3	31	7.4
26	Jan. 31, 1910	National Biscuit common	7.7	105	7.3
27	Dec. 31, 1909	Republic Iron & Steel common	(d) 2.5	34	7.3
28	Dec. 31, 1909	National Lead common	6.2	78	7.0
29	Nov. 30, 1909	United States Rubber common	3.0	43	7.0
30	Feb. 28, 1910	Corn Products preferred	(c) 5.4	78	6.9
31	Jan. 31, 1910	American Steel Foundries	(d) 3.7	54	6.8
32	Dec. 31, 1909	Tennessee Copper (par $25)	6.8	$27	6.3
33	June 30, 1909	International Paper preferred	2.7	50	5.4
34	Dec. 31, 1909	Consolidated Gas	6.7	139	4.8
35	Feb. 1, 1910	Mackay common	4.3	88	4.8
36	Dec. 31, 1909	Amalgamated Copper	(e) 3.2	69	4.6
37	Apr. 30, 1909	American Car & Foundry common	2.6	61	4.2
38	June 30, 1909	American Locomotive preferred	4.0	109	3.6
39	Dec. 31, 1909	New York Air Brake	2.7	73	3.6
40	Dec. 31, 1909	American Sugar Refining common	3.9	123	3.2
41	Mar. 31, 1910	Pittsburg Coal preferred	(a)(c) 2.2	70	3.1
42	Dec. 31, 1909	Utah Copper (par $10)	(f)14.4	$46	3.1
43	June 30, 1909	Allis-Chalmers preferred	0.8	34	2.3
44	May 31, 1909	United States Cast Iron Pipe preferred	1.3	75	1.7
45	Jan. 31, 1910	Union Bag & Paper common	.0	8	.0
46	Dec. 31, 1909	American Can common	.0	10	.0
47	June 30, 1909	International Paper common	.0	12	.0
48	July 31, 1909	American Linseed common	.0	14	.0
49	Feb. 28, 1910	Corn Products common	.0	16	.0
50	May 31, 1909	United States Cast Iron Pipe & Fdy. com.	.0	21	.0
51	Dec. 31, 1909	Bethlehem Steel common	.0	28	.0
52	June 30, 1909	American Locomotive common	.0	50	.0

Preferred stocks earning more than the per cent. to which the dividend is limited, but now receiving either no dividend or less than said limit:

1	June 30, 1909	American Hide & Leather preferred	(c)10.8	33	32.7
2	Aug. 31, 1909	American Malt Corporation preferred	(c) 6.2	36	17.2

(a) Based on quarterly earnings. (b) Based on current earnings. (c) Divs. in arrears. (d) Based on 6 mos. earnings. (e) Based on 8 mos. earnings. (f) On increased capital stock.

Record of a Patient Investor

Profits of 17 Per Cent. Yearly—Suggestions for Getting Still Better Results.

EDITOR of THE TICKER:

I enclose a statement of my dealings hoping you will find time to examine it and tell me wherein I might have improved my methods.—G. P. M.

The figures show, first, that you have patience and sufficient courage to buy on declines and in panics, but it would seem that you are in the habit of buying stocks in all kinds of markets, and at all price levels. In other words, you are a chronic bull. It is all right to be a chronic bull, provided you only go into the market at certain times, but it must be obvious that any one who persistently buys stock in a continuously advancing market is sure to be "landed" sooner or later. This happened to you in 1907 when you were caught long of a number of stocks, and had to carry them in some cases nearly three years before you got out.

It would be better for you to stay out of the market altogether, putting your money in a safe Trust Company, where it will draw some little interest, and buy every share *you can pay for* in a panic, or invest one-half of your available capital in case of a big smash, such as we had in January and February of this year. You will find that your capital will increase very much faster if you do this.

The period covered by the statement is about three years, and your capital during this period has increased over 50 per cent., or at the rate of about 17 per cent. per annum. By loading up in panics, and holding on until the next boom (as near the top as you can figure) and then selling out *everything* you should be able to do better than this.

We note that the Southern Pacific and K. T. pfd. stocks whirch you bought during the panic the latter part of 1907, were turned over at a very small profit within a few days. You bought Southern Pacific at from 66 to 68, and sold it at 68 to 75. This stock should have been held until the boom of 1909. You sold out 30 shares and bought back 10 shares of it at 75, then bought more at 99¾, sold it at 113⅛, repurchased at 118⅞ and sold it out at 120½. The point we make is—that the stocks you bought around 68 should have been carried right through. A number of transactions were in stocks like Kansas-Texas common and preferred, Southern Railway, and Republic Steel pfd., and a few transactions were in bonds. In our opinion you would do very much better when operating under this plan to keep in stocks like Union Pacific, Reading, St. Paul, etc., because these stocks have wider swings.

The largest profit you made on any one transaction (leaving out the dividends) was something like 38 points. This was in Southern Pacific, bought at 75 and sold at 113⅛. If you had bought Reading or Union Pacific at the same time you might have made double that number of points. It should not be a question of favoritism with you as to your choice of stocks, but which stock will make the most points.

Bonds, with the exception of convertible issues, cannot swing over a very wide range, and stocks like Southern Railway and Mo., Kansas & Texas, are, except in rare cases, very inactive. It therefore does not pay to tie capital up in them. Use your money where it will pay you the best.

Preferred stocks, such as K. T. pfd., Colorado Southern 1st and 2nd preferred, are limited as to dividends, and should not be used when trading on this plan, as they can only go up just so much, and will not make so many points. Baltimore & Ohio and Atchison are too slow in their movements as a general rule.

We cannot find very much to actually criticise in an account which shows only one loss of $11.25 in three years, and what we have said above is more in the line of suggestion as to how you can make your dollars work faster for you. In laying out your next campaign, figure on buying the big common stocks which pay dividends, and which swing 75 or 100 points between high and low. Divide your money up so that your risk will be distributed. Use the Trend Indicator as a guide to tops and bottoms of long swings.

Invest your last dollar in a panic, and when the charts show that a boom has arrived, especially when tops begin to lower, sell out *all* your stocks, and put *all* your money in the Trust Company. Repeat this proceeding as often as possible, and with the capital you now have, you need never worry about your future finances.

Three Years' Investments.

Stock.	shares.	Bought at	Sold at	Net Profits.	Dividend	Loss	Date Bought	Date Sold
M. K. T.......	10	70⅛	74½	38.75	20.00	.....	Sept. 19, '06	Nov. 26, '06
S. R...........	10	32⅛	34¾	21.25	.....	.....	Nov. 13, "	" 20 "
K. Pr..........	10	73¼	.....	.....	120.00	.....	Dec. 11, "	
S. R...........	10	32⅞	3e	.....	.....	11.25	" 22, "	July 28, '09
S. R...........	10	30⅞	32	8.75	.....	.....	Jan. 16, '07	" " "
S. R...........	10	28	32	37.50	.....	.....	" 28 "	" " "
S. R...........	10	22	32	97.50	.....	.....	Mar. 8, "	" " "
K. Pr..........	10	67½	.....	.....	100.00	.....	" 9, "	
A. B. & A. Eqp.	1	972.85	1,000.00	27.15	100.00	.....	July 1, "	July 1, "
S. R...........	10	15¾	32	160.00	.....	.....	Aug. 17 "	" 28, "
Atch. Conv. 5.	1	1,005.00	.....	.....	100.00	.....	" 23, "	
S. P...........	10	81½	113⅛	311.25	60.00	.....	Oct. 7, "	Nov. 10, '08
Atch. Conv. 4.	1	815.00	857.50	40.00	20.00	.....	" 26 "	Dec. 24, '07
S. P...........	10	66¼	68½	20.00	.....	.....	" 29 "	Nov. 6, "
S. P...........	10	67⅛	69⅛	17.50	.....	.....	Nov. 7, "	" 11, "
S. P...........	10	68	75½	72.50	.....	.....	" 13 "	Dec. 6, "
K. Pr..........	10	56	58⅞	26.25	.....	.....	Dec. 27, "	Jan. 15, '08
K. Pr..........	10	57	.....	.....	60.00	.....	Jan. 16, '08	
S. P...........	10	75	113⅛	378.75	45.00	.....	" 21, "	Nov. 10, "
K 4½..........	1	773.75	936.25	162.50	22.50	.....	" 30, "	Dec. 30, "
K. 4½..........	1	771.25	936.25	165.00	22.50	.....	" 30, "	Dec. 30, "
S. P. Pr.......	10	108½	118⅜	97.50	35.00	.....	Feb. 13, "	Nov. 9, "
U. P...........	10	124¾	149⅛	240.00	.....	.....	Apr. 3, "	May 19, "
Col. So. 1st Pr..	10	62⅝	72¼	93.75	20.00	.....	Aug. 6, "	Dec. 8, "
Col. So. 2nd Pr.	10	54⅞	69¾	146.25	20.00	.....	" 27 "	" 8, "
S. P...........	10	99¾	113⅛	132.50	15.00	.....	Sept. 21, "	Nov. 10, "
Atch.	10	94⅞	125	298.75	25.00	.....	Nov. 20, "	Oct. 2, '09
Atch.	10	96⅞	125	278.75	25.00	.....	Dec. 17, "	" 2, "
Atch.	10	99⅞	125	248.75	25.00	.....	Jan. 4, '09	" 2, "
Atch.	10	100	125	247.50	25.00	.....	" 4, "	" 2, "
Atch.	10	98¾	125	260.00	25.00	.....	" 12, "	" 2, "
Atch.	10	99¼	100⅝	11.25	.....	.....	Feb. 8, "	Feb. 15, "
M. K. T........	10	43	48	47.50	.....	.....	Jan. 28, "	Oct. 16, "
S. P...........	10	118⅞	120½	13.75	15.00	.....	Feb. 17, "	Apr. 28, "
B. O...........	10	107	.....	.....	30.00	.....	Mar. 15, "	
A. F...........	10	49½	58½	87.50	5.00	.....	" 27, "	July 16, "
S. P. Rts.......	..	.....	.....	6.25	.....	.....		Apr. 8, "
Atch. Rts......	..	.....	.....	37.50	.....	.....		June 17, "
Atch.	10	112¼	125.00	125.00	.....	.....	June 17, '09	Oct. 2, "
R. B. C. Rts....	..	.....	.....	4.50	.....	.....		Aug. 9, "
R. B. C. Pr....	10	104¾	.....	.....	25.00	.....	July 13, "	
R. B. C. Pr....	10	105¾	.....	.....	17.50	.....	Aug. 20, "	
R. B. C. Pr....	10	104⅝	.....	.....	17.50	.....	" 30, "	
M. K. T........	10	41	48	68.75	.....	.....	" 23, "	Oct. 16, "
	410			4,030.40	995.00	11.25		

The Copper Problem

By W. C. EVANS.

NOTE.—During 1909 The Ticker published several articles which accurately forecasted the copper situation, and much then written is pertinent to-day. Readers would do well to review these articles in connection with the present one, as they furnish considerable help toward discrimination in studying the copper situation and the value of the copper stocks. We also present herewith two interesting charts, showing the price of Copper Metal for Fifty years, and the price of Amalgamated Copper stock since January, 1909.

MANY a man has been wrecked financially by applying the "Rule of Three" to his ventures in Wall Street. The problem "If Steel Common is worth 85, what is Amalgamated Copper worth?" still remains unanswered.

Without entering upon the domain of political economy, which is outside the scope of this article, there are a few facts which all students of values should have constantly before them. For example, it must be remembered that the influences which tend to increase or decrease the values of securities or commodities are many and diversified, so that, while all values are subject to fluctuations from cardinal causes, such as crops, war, political upheavals, etc., yet the effects of these causes do not always lie in the same direction. Counter currents may be traced in any broad, general swing up or down, which may involve or produce contrary movements of certain classes of securities or commodities.

Again, the demand for any article does not necessarily increase its price, as the effect on prices due to demand is always modified by supply. This is a part of the fundamental law of supply and demand.

Charles A. Conant, in his "Principles of Money and Banking" (Vol. I, page 168) says.

"The prices of certain articles may be falling because of overproduction at the very moment that the prices of others are rising because of increased demand."

Here we have the reason for copper declining while other commodities have been advancing. The demand for copper has been excellent; statistics show a greater consumption than ever before, but production also is greater. To say that the excess production could easily have been financed and taken from the market, thus artificially equalizing supply and demand, resulting in an increased price along with other articles, would be but expressing a fallacy, inasmuch as this large demand was, in a great measure, due to the low price of the metal. Consumers required some copper, but the demand was not insistent enough to cause them to pay a fancy price for it.

Since the early part of 1908 the surplus of copper has been financed, principally abroad. There is no doubt that the producers were in hopes that such a wave of consumption would overtake production in 1908 and 1909 as to justify their maintaining production and taking care of the surplus; but each attempt to raise the price met resistance from buyers and business has only been booked in large quantities at the expense of prices. Also any attempt to raise the price met liquidation from tired "longs" holding copper abroad.

The one prime reason for this can be found in the increasing interest and intelligence displayed by consumers, in the economics of the copper industry. They no longer rush in at the slightest show of strength and load up for future delivery, when the statistics available show a fictitious condition. Consumers have learned their lesson well, and many large propositions requiring considerable copper have been put through at the present level of prices, which would not have been consummated on a higher priced copper market.

The huge consumption of 1909 failed to give an upward and sustained impetus to the price of the copper metal, during a period when iron and steel and other articles were being enthusiastically marked up. If it could not be done on the crest of the boom wave, how much more difficult on the recession. There were signs at the beginning of the present year which indicated a slackening up, and the stock market also showed that there were clouds in the near future. This opened up a line of reasoning in connection with copper stocks which has returned a handsome profit to those who acted upon it.

Copper the world over shows a maintained production, with the United States and Africa leading in per cent. of increase. Africa shows a production in 1909 of 14,945 tons against 6,880 tons for 1908. The latter country will bear watching as to its production from now on. The Tanganyika Concessions, a British corporation, owns a marvelously rich property; the official estimate of proved ore, I understand, shows as follows:

900,000	tons of	6½% ore.
320,000	" "	15% "
3,000,000	" "	12% "
6,000,000	" "	various per cent. ores.

The Price of Copper for Fifty Years.
(Reprinted by Permission from the Boston Commercial.)

A smelting plant is now being erected which will have a capacity of 72,000 tons per annum (160,000,000 pounds) and copper is estimated to be produced at a cost of about 5c. per pound. Railroads are now being projected into this territory and before long the world will hear a good deal about African copper. It is doubtful if there will be any decided effect from this source for several years, but its potential value will act as a check to inflated prices.

A forecast for the remainder of the year 1910 shows the following important features:

Production still maintained.

No concerted effort toward curtilment.

The suggested gigantic consolidation held in abeyance pending determination of its legal status. This point is now not likely to be settled until the Standard Oil and Tobacco cases are decided.

The natural restriction in copper output of certain properties is equalized by the increase in output from other mines, thereby not influencing the total.

A doubtful political horizon may make capital timid about entering upon new enterprises until the atmosphere is clarified somewhat. This may have a restrictive tendency upon general business and take the edge from the boom.

There is an absence as yet of signs that copper has reached a low enough price to tempt speculative buying of copper for resale. This should not be confused with any speculative buying by consumers.

The liquidation of copper stocks since the first of the year has been considerable, and would seem to indicate that the holders realized that stocks must come down to the metal instead of the metal rising to a level which would justify the price of the stocks. This is sound judgment, but shows a lack of faith in the future.

Investors in copper stocks must realize that they are entitled to a high rate of dividend; the precarious nature of mining demands this, and every year's operation is depleting the assets of a mining company.

An average price for copper of about 13c. seems to be the basis for figuring copper metal for 1910. This interests the investor. The speculator may have a little more latitude for his trading, as the metal stocks are likely to respond to good news quicker than the metal itself; also, they are not likely to feel the effect to as great an extent as some people imagine if the metal should drop precipitately, as such a drop would soon be followed by enforced curtailment by some of the high-cost producers, and this would be followed by a good rally, in which those stocks which could withstand this process of the "survival of the fittest" would receive the most benefit.

Down to His Last Quarter.

Surprising Condition of Thomas Lawson's Finances.

ON a recent Saturday, shortly after the close of the market during which some of the Lawson specialties, Trinity, First National and Bay State Gas, looked as though they might decline to the vanishing point, Mr. Thomas W. Lawson strolled leisurely up State street, in Boston, splendidly attired in a handsome spring suit, his coat adorned with a beautiful Lawson pink. A hustling newsboy stepped in front of him and demanded:

"Buy a paper, mister?"

"Sonny, I can't do it," said Lawson.

The newsboy looked as though he didn't believe it, but Lawson leaned over, as though about to impart a stock market tip, and whispered:

"I only got a quarter, and I'm going up to the old Howard Athenaeum this afternoon to see the show."

"'Sallright," said the newsboy in a sympathetic tone, "I was up there last night. Dey got a good show this week, de Broadway Burlesquers, and dey's great."

The Dreamer from Dreamwold smiled appreciatively, swung his cane after the fashion of Mr. George M. Cohan, and passed jauntily on his way.

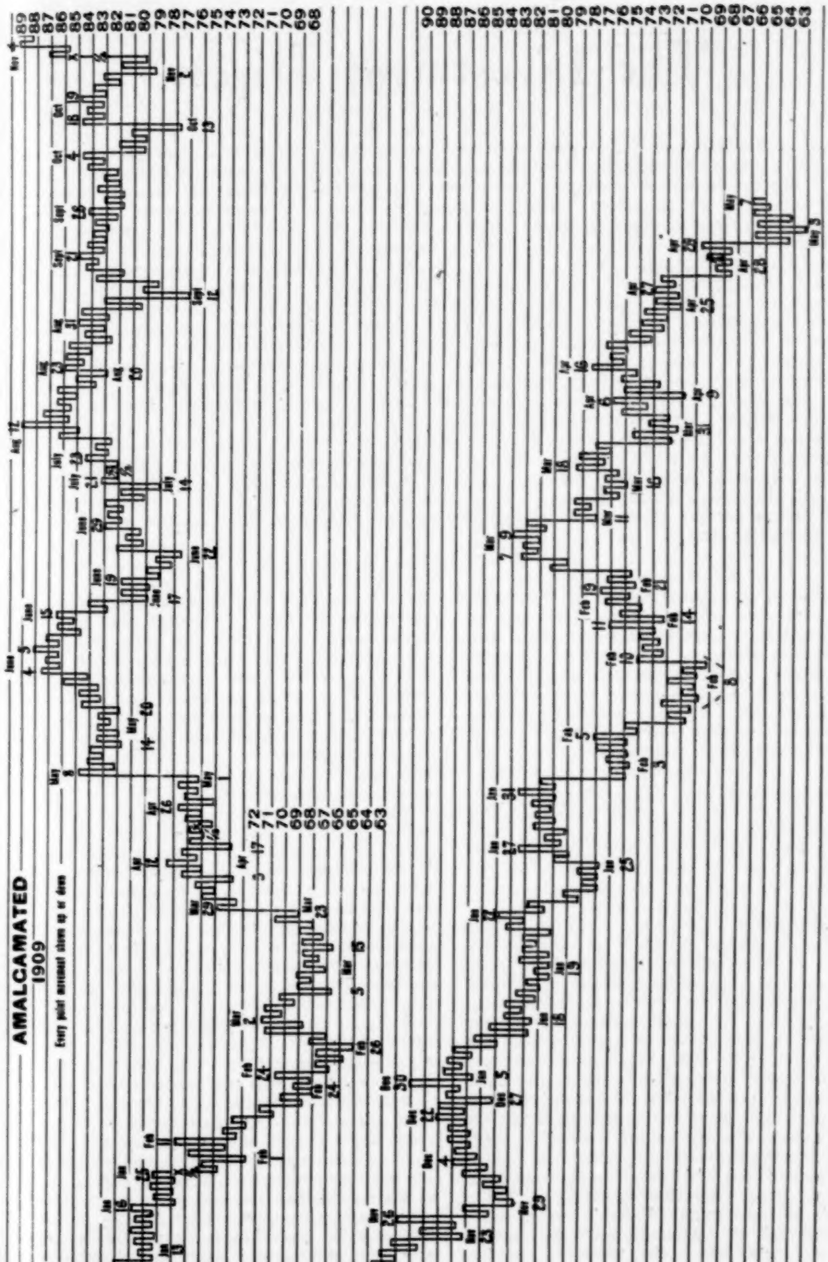


Chart of Amalgamated Copper, Jan., 1909, to May, 1910.

The Investment Digest

FOLLOWING is a list of publications, etc., from which this Digest is prepared. Where the name of a banking or brokerage house is given, the matter is taken from their special letter or circular: New York: *Bond Buyer; Financial News; Wall St. Journal; Wall St. Summary; Moody's Magazine; Moody's Manual; Commercial & Fin. Chronicle; Financial Age; Financial World; Railroad Age Gazette; U. S. Investor; Commercial; Brooklyn Eagle; Leslie's Weekly; Evening Mail; Evening Post; Herald; Journal of Commerce; Sun; Times; Tribune.* Boston: *News Bureau; Commercial; Financial News; Transcript; Herald; Post.* Chicago: *Record-Herald; Tribune.* Philadelphia: *Financial Bulletin; Railway World; North American.* Pittsburgh *Dispatch;* Washington *Post;* Louisville *Courier-Journal;* New Orleans *Times-Democrat;* Baltimore *Sun;* St. Louis *Post-Dispatch;* Cincinnati *Commercial Tribune;* Cleveland *Commercial Bulletin;* Memphis *Commercial Appeal;* Kansas City: *Star; Journal.* Dallas *News;* Houston *Post;* Seattle *Times;* Toronto *Globe;* Montreal *Star;* Minneapolis *Commercial West;* Birmingham *Age-Herald;* San Francisco *Journal of Commerce;* Denver *Post;* Atlanta *Constitution;* London *Statist.* Market Letters: Hayden, Stone & Co.; Clement B. Asbury; John Moody; Thos. Gibson; Trippe & Co.; Thompson, Towle & Co.; Henry Clews & Co.; Swartwout & Appenzellar; Eugene Meyer, Jr., & Co.; J. S. Bache & Co.; Spencer, Trask & Co.; W. C. Langley & Co.; Wrenn Bros. & Co.; Robert Goodbody & Co.; Kissell, Kinnicutt & Co.; Alfred Mestre & Co.; N. W. Halsey & Co.; Brown Bros. & Co.; Warren, Gzowski & Co., etc., etc. Neither THE TICKER nor the above authorities guarantee the information, but it is from sources considered trustworthy.

Allis-Chalmers.—Am. Steel & Wire Co. has award con. to co. for two gas engines, max. capacity 5,000 horsepower each and the largest gas engines ever built in this country, making 50 gas engines sold the Steel Corp. Co. has also rec. order from Northern Cal. Power Co., covering hydraulic turbine mach., incl. all elect. mach. This is one of largest orders of the kind ever placed in this country. Another important order rec. from Tol. Rail. & Light Co. for a 6,800-horsepower steam turbine. Of this type co. has, within past three mos., compl. and deliv. forty-eight, ranging from 400 to 3,000 horse-power. April bookings of the Co. were 40% better than for same mo. in 1909, and approx. 25% greater than for any prev. April in history of co.

Amalgamated - Anaconda.— There will prob. be no change in Amal. sit. and no distrib. of its Anaconda shs. pending decision of Supreme Court regarding holding cos. Meanwhile, Amal. may rec. inc. of $4 per sh. and pay $3 per sh. If courts decide that holding cos. may cross state lines, Amal., which is a N. J. corp., will retain Anaconda shs. and nego. for other state units in the copper field. If, however, the decision is against holding co., Amal. will distrib. its Anaconda shs. to its stkholders and go out of business. Appli. to list $75,000,000 add. Anaconda stk. shows the singular pos. of Amal. and Anaconda. Hitherto Amal. was the holding co. for a number of Butte prop. It held, among other assets, a maj. of Anaconda stk.; the min. of Anaconda was left to be traded in on the Stk. Exch. Now Anaconda incr. its stk. in order to take over by exch. of shs. assets formerly held by Amal., and to list the add. stk. Amal. and Anaconda will be traded in side by side on the Stk. Exch., one owning the other, and the other owning all that was formerly owned by Amal. So much Anaconda will equal so much Amal.; or so much Amal. will equal so much Anaconda, and buyer may choose as to color and beauty of his certif. Amal. agreed to submit yrly. an inc. acct. and bal.-sheet for each of its constit. cos. Now Anaconda will be its only constit.; all others will be constit. of Anaconda. The matter becomes more complicated.

Am. Agri. Chemical.—The co. is just entering season of heaviest deliv. and cash coll. from now until end of June will be largest of the 12 mos. It seems reasonable to expect net prof. for approx. $17,000,000 com. stk. after paying 6% on pfd. of close to $9 per sh. It has been a big fertilizer yr. throughout the country and the cos. as a class have all made money. We understand that to date this yr. co. has not gone to the banks for a dollar and it is prob. will not have to. Incr. in gross has been taken care of by using surp. of net earns. after pfd. divs. Directors are very reticent as to com. div. action. The conserv. element holds that 1910 will not see any com. div.

Am. Car & Foundry.—Incr. of div. on com. stk. of co. is opposed by oldest directors who favor accum. of larger surp., who admit that co. has surp. now that would justify paying 6% on com. prov. business contin. as at present. But has decided never to reduce its div. again, and ultra-conserv. is to be exer. in matter of inc. There is little likelihood of any incr. at next div. meeting. Nothing official has been given out, but it is said that net earn. of $8,000,000 may be regarded as conserv. This would com. with net earn. of $3,741,975 in 1908-9, $10,624,574 in 1907-8, $7,-

115,088 in 1906-7, and $5,648,553 in 1905-6, and on basis of last yr's costs for renewals, repairs, etc., and ded. pfd. div., would leave bal. for com. about $5,000,000 or 16% on $30,-000,000 com. stk. Last yr. co. charged off nothing for new const. and made no approp. for ins. reserve or reserve for repairs, maint., etc. It is prob. that this yr. will show actual surp. for com. $2,000,000 or $3,000,000 less than $5,000,000, as above est. An order has been placed with this co. for 500 auto. cars by Grand Trunk. St. Louis & San Fran. has also ordered 500 auto. cars.

Am. Cotton Oil.—Co. placed on 2½% semi-an. basis with intention that stk. should be consid. firmly on a 5% an. basis. Selling at 65 com. returns about 7.7%. As far as next two yrs. can be forecast there is nothing that will prevent co. from main. present com. div. rate.

Am. Hide & Leather.—Consid. agitation has arisen among some stkholders because notwithst. constantly growing business and earn., no divs. have been paid on the pfd. The pfd. is 7% cumu., but aside from three divs. of 1% each paid during 1905, there have been no disb. since org. in 1899, so there is now due in back divs. some 60%. In response to letter sent by counsel for dissatis. N. Y. stkholders, George A. Hill, sec. of the co., wrote as follows: "In reply would say that cost of raw material has been very high and directors thought it better to retain money and thus keep up vol. of business rather than pay out surp. in div. and be forced to borrow more heavily to furnish work. capital."

Am. Locomotive.—For fisc. yr. to end June 30 there is not the slightest doubt that co. will show net earn. equal to 7% on $25,-000,000 pfd. stk., $1,000,000 for the redemp. of that amt. of short time notes coming due in Oct. and a subst. bal. for the $25,000,000 com. Co. now has outst. $7,000,000 short time notes. Of these $1,000,000 mat. and will be paid this Oct. and $1,000,000 will be paid in 1911. That finishes up redemp. of orig. $5,-000,000 notes issued in 1906. The second lot of $5,000,000 issued last summer does not begin to mat. until all of the first lot are out of the way. Retiremt. of these notes has import. bearing on com. divs., but it does not follow that directors will wait until 1914, when all notes paid are off, before doing something for com. stkholders. In good yrs. with present plant improvemts. the co. should be able to earn $5,000,000 for its com. stk., which would allow an ample bal. for redemp. of notes and a reasonable com. div. All plants are oper. at full cap. and orders on books will keep them working for several mos. Since April 1 there has been some falling off in orders. Officials are not worried, because this is always a dull period, as the roads have already placed most of orders for fall deliv. and do not start to place orders for winter and spring deliv. until after middle of May. By this time crop con. are better known and they will have fig. on number of cars they will need and estinumber of engines required.

Am. Malt.—Invest. appear to have little confidence in ability to contin. div. on pfd. This stk., of which $8,671,000 is outst., is entitled to cumu. div. at rate of 6%, but has been paying 5% recently, with result that accrued divs. amt. to 13%. One of prin. deterrents in way of contin. divs. is a clause in articles of incorp. which compels setting aside each time a div. is paid amt. equal to one-half such div., to be applied to sink. fund for ret. of its bonds. Now a little over $3,000,000 bonds outst. This means that in order to contin. pfd. div. of 5%. Co. must actually earn 7½%.

Am. Smelting & Ref.—Smelter's fisc. yr. end. April 30 will show close to 7.68% earned on com. Am. Smelters Sec. may make a satis. showing, due to devel. of copper int. with which co. has contracts. Next year the Newhouse and So. Utah prop. will be prod., which will add to the Sec. inc., and several important con. closed should net consid. profit. Smelters owns about 60%, of $17,751,000 par val., of Sec. stk., and the latter's earn. on its com. stk., for six mos. end. Nov. 30 last, were $1,043,526, or 7%. With an imp. for last half of fisc. yr. Sec. should show at least 14% on its com. stk. A div. at rate of 4% would net Smelters $710,000 yrly. on its Sec. stk. The shifting of con. of Federal M. & Smelt., formerly held by Am. Smelt. Sec. Co., to the Am. S. & Ref. Co. still remains unexplained. No ann. has been made by the Am. S. & Ref. Co., altho. it is said trans. will be treated in an. report of Am. Smelt. Co. some time hence. The com. stk. of the Federal Co. at one time sold as high as $199, as comp. with present quo. of around $30 bid. The co. paid 14½% on its com. in 1907, but since has paid no div. with exception of 1½% in 1909. The basis upon which stk. was trans. to the Am. S. & Ref. Co. will make int. reading. (See Federal S. & Ref.)

Am. Steel Foundries.—This Co. is prac. a car equipmt. concern, and has done in good yrs. close to $20,000,000 gross. For several mos. its plants have been in full oper. and orders on hand at the moment are suffi. for four to six mos. at full capacity. Judge Gary of the Steel Corp. has been a mat. factor in putting co. in its present splendid condition. Cos. quar. div. of 1¼% is first decl. since reorg.

Am. Tel. & Tel.—The first quar. results of the Co. shows earn. at rate of about 10½% on its approx. $257,000,000 stk. outst. This comp. with earn. of 9.0% in all of 1909 and 11.4% in 1908. Of course, more bonds will be conv. into cash and share earn. will tend to become slightly less as yr. pro. It is fair to suppose that incr. in stk. and its resultant effect upon profits will be largely offset by gain in net earn. during coming 9 mos. A fav. feature of 1910 oper. to date is incr. in ratio of gain in gross of oper. cos. Jan. and Feb. last oper. cos. incr. gross 11.6% comp. with 5% in same mos. a yr. ago. This is good index of gen. business conditions during those two mos. The N. Y. Tel. Co. has filed certif. of capital incr. from $100,000,000 to $125,-

000,000, of which $85,672,800 has been issued. The incr. was approved some time ago.

Am. Woolen.—Sales last yr. largest, with two except., of any yr. in history of Co., and while some slackening in trade since beg. of cur. fisc. yr., not suf. to endanger earning of div. In past 11 yrs. surp. each yr. avail. for pfd. div. after chging. off depre., etc., equal to 12.5%, as against a req. of 7%. There is a total surp. of over $10,000,000.

Associated Oil.—The first oil stock listed on N. Y. St. Exch. is the associated oil co. of Cal. with capital of $40,000,000. It owns or controls 20,585 acres of land in proved dist. of the state, and has 355 prod. wells. It owns $13,769,355 out of total par val. of $22,895,023 stk. of 18 other oil cos. With its subsid. it prod. and marketed in 1909 total of 22,405,082 barrels of oil. Its total assets on Feb. 28th, 1910, were $59,558,311. The stks of subsid cos. are carried at par, but individual statemts. of these cos. show a great excess of assets over liab. and val. far in excess of par. Co. is controlled by Southern Pac. Div. are expected in near future.

Atchison.—Gross for first eight mos. of this yr., $68,801,600, was nearly $7,000,000 larger than in 1909, and total for last yr. $94,265,716. The system will have to add an avge. of only $500,000 per mo. for remain. four mos. to bear out official forecast of $103,000,000 gross. Feb. gain was $693,000 and Jan. $512,000. Net earn. tell a different story. Weather difficulties and better main. have brought up oper. exp. where in spite of inc. rev., there was a loss of $1,142,000 in net for the eight mos. Where 64.4% of earn. was req. for exp. and taxes in this part of last yr., 69.6% has been the avge. main. so far in 1910. Net dec. in Mch. earn. of $523,615; expect. had been entertained of some saving with bad weather over. Gross earn. inc. $965,171, or 11½%. The actual gross of $9,254,000 was one of best mo. on record. Oper. ratio was 67% of gross, against 59¾% a yr. ago. Total oper. inc. for nine mos. has fallen $1,665,000. Directors have app. 1910 budget calling for an expend. of $31,000,000 for imp. and new equip. Stkholders of record may sub. to new $43,686,000 conv. bonds to extent of 14% of holdings at 102½. Subs., however, will not be recd. until June 1, allowing six weeks for stkholders to make up mind whether they want bonds or not. The bonds are not conv. until after June 1, 1913, whereas prev. issues have been exch. immely. For this reason there should be little sympathy bet. the movements of stk. and these bonds for some time, based on conv. priv. When the new bonds have been sold Atch. will have oust. securities agg. approx. $617,000,000, the fourth largest capitalization among R. Rs. of this country. Will Atch. be able to carry the burden? For nine mos. to Mch. 31, co. earned on $165,000,000 com. stk. 6½%, equiv. to an an. rate of 8.65%.

Atlantic Coast Line.—Altho. earns. seem to justify, there is little expect. that div. will be raised at coming semi-an. meeting. Co. is earn. surp. at rate of 10% per an., and paying 6%. Judging by Louis. & Nash., it will have to show wider margin before Henry Walters will consent to an incr. For fisc. yr. end of Feb. gross incr. $2,366,771, or 14%, and $1,293,814 gain was added to net. In same period Louis. & Nash. added $2,200,000 to $9,758,000 net for last yr.

Baltimore & Ohio.—Speyer & Co. and Kuhn, Loeb & Co., ann. that they have concl. nego. with B. & O. covering $40,000,000 3-yr. 4½% secured gold notes, part of an issue limited to $50,000,000, the remain. $10,000,000 being res. to ret. cos. one-yr. notes due next March. The notes will be dated June 1, 1910, and mat. June 1, 1913, the co. reser. right of prior redemp. at par and int. upon any coupon date on 60 days' prev. notice. The pro. of the $40,000,000 notes will be used for imp. and bettermts. in the pur. of a large amt. of equip., and it is stated that this fin. covers cos. req. for next 3 yrs.

Brooklyn Rap. Transit.—Directors will act May 11 on div. for next quar. With surp. running little in exc. of 7% per an., it is an open question whether stkholders should expect more than present return. A margin of 2% does not allow much leeway for possible fluct. in business. B. R. T. is obvious choice for the Fourth ave, sub. fran. and should be in position to outbid any other int. If it were a line in the B. R. T. system that co. could throw a great deal of business into the Fourth ave. route. Total number of pass. carried in 1909 was 530,150,000 against 321,501,000 in 1902. Earnings last mo. did not show much more than half the daily gain in gross in March. April incr. in gross avged. about $2,500 per day or say $75,000 for the mo., a gain of less than 5%. The March gain was $4,550 per day or $140.000 for mo.

Central Leather.— Co. has since close of fisc. yr., Dec. 31, when floating debt stood at $14,480,000, effected a red. of several millions and floating oblig. now total about $10,000,000. The min. amt. of borrowed money which co. is likely to carry is not less than $8,000,000 and the max. not over $15,000,000. It would cause consid. anxiety to most cos. to have so much paper out, but C. L. has grown up in atmosphere of big bank loans. Amts. needed to carry hides are so large and co. banking so splendidly handled that C. L. can borrow money cheaper than it could to fund its floating debt into 5% bonds or sell 7% pfd. stk. Net work. capital is $51,000,000, one of the largest aggre. of net quick assets controlled by any Am. corp., and equal to nearly $33 per sh. for the pfd. after allowing par for all bonds.

Chesapeake & Ohio.—Stockholders auth. on incr. of capital stk. to $100,000,000. This is an incr. of $36,739,700. Stockholders also auth. an issue of $37,200,000 20-year 4½% conv. bonds. Suit to prevent pur. and joint oper. of Hock. Valley and Kan. & Mich. by C. O. and Lake Shore has been filed on behalf of min. stkholders of Lake Shore. It is asserted that the two roads compete, and merger, joint oper. or combined control would

be illegal. Ches. gained $637,052 gross in March and $352,900 net. This mo. so far rep. gross has incr. nearly $400,000. For nine mos. there has been a $2,000,000 net gain and a surp. of $4,809,000. This is equal to 7¾% and at the rate of 10½% for yr.

Chgo. & Alton.—Decision of directors to put out an $18,000,000 bond issue in face of road's already high capital has created consid. comment regarding effect a new security issue and its incr. in chges. will have upon the road's earn. power. Only $3,500,000 of new bonds will be issued this yr. This will entail an add. to Alton's fixed chges. of only $140,000 a yr. Regarding benefits that should accrue to offset this, a director says: "When you consid. that Alton has thro. lack of fac. been unable to handle more than 60% of the business it has been offered, the need of a security issue that would prov. greater trans. power is easily apparent. We will add so much to Alton's facilities with the first appli. of new money that incr. in chgs. will not look like much. It will be eight yrs. before all the $18,000,000 is spent."

Chgo., Bur. & Quincy.—Gross inc. April 1 $7,156,000 over corres. first three-quar. of last yr., while net at end of the nine mos. was still $400,000 behind last yr. At the end of last Dec. the co. was $800,000 behind 1908-9, so that the diff. still remaining may be wiped out in the last three mos. For care of roadway it expended in nine mos. nearly $3,000,000 more than last yr. and for equip. nearly $2,000,000 more. To handle incr. business cost of trans. went up $2,450,000. In earning $7,156,000 more than in corres. part of 1909 the co. spent $7,508,000. A consid. part of the adv. was incurred in Dec., when Bur. was in the throes of a switchmen's strike. Notwithst. incr. in various exp. items, Bur. will have no trouble this yr. in showing a surp. suffi. for the 8% div., with a generous margin over appro. for add. and bettermts. At beginning of last quar. road had total net of $18,272,000. yr.'s chges. and 8% on $110,839,100 stk. req. approx. that amt. Net inc. for final three mos. will be so much of a bal. for betterments and perm. surp.

Chgo. Great Western.—The best feature of report is reduct., thro. the reorg., in chges. and taxes from $2,000,000 to $1,500,000. Surp. for seven mos. was $325,000 against a def. last yr. of $900,000. It is indi. that the road will in first twelve mos. of its existence as a reorg. prop. earn bet. 1% and 1½% on its $41,000,000 new pfd. stk. Divs. on this issue need not be looked for until 1914, when, to the extent of 4% per an., they first become cumu. To pay divs. before it becomes necessary would be prodigality. N. Y. Stk. Exch. has listed $18,500,000 1st Mtg. 50 yr. 4% bonds due 1959.

Chgo., Mil. & St. Paul.—Co. will rec $4,000,000 int. on $100,000,000 Puget Sound bonds which it holds in treas., and it is more than prob. that a div. will be decl. on $100,000,000 Puget S. stk. held by St. Paul, so that meeting div. by parent co. for cur. fisc. period seems assured. Besides timber lands, it holds townsites along St. Paul line of consid. val. Val. of Land's Cos. western prop. has incr. in four yrs. from $12,000,000 to approx. $30,000,000. The fig. St. P. people are likely to wait for is $50,000,000. If they get it will have enough cash to pay a div. of about $32 on com. stk. If a $50,000,000 bond issue looms up large, so have all St. P.'s undertakings in late yrs. It went ahead all thro. the panic with const. of a Pac. coast exten., bearing int. on heavy cost without rec. a dollar inc., and main. its reg. div. rate. Co announced an adv. in freight rates of 10 to 20%. The incr. will not apply to all classes of shipments, but the prin. commodities. Other Western roads will adv. rates equal to incr. of that system. William Rockefeller says: "Nego. for sale in Paris of $50,000,000 St. Paul deb. are compl., and only formal signing of papers remains to compl. trans."

Chgo. & Northwestern.—Co. has now outst. $130,119,000 com. stk., the issue having recently been incr. by $30,502,000. The ability of the road to carry this add. burden has been tested this yr. as it will not be again. Bal. for com. in eight mos., however, was equal to 5.2%. The road should earn at least $4,000,000 above chges. in the last four mos. of fisc. yr. to end June 30 and with traffic movemt. this yr. running about 10% heavier than last there is little question but what that sum will be consid. exceeded. In that event bal. for com. for full 12 mos. should be at least 7.2%.

Consolidated Gas.—Con. Gas gross is running about $13,500,000 a yr., against $12,680,801 in 1909 and $12,000,690 in 1907. This incr. of bet. 6% and 7% is only normal, altho. the incr. in 1909 over 1908 was a little less, being 5 2-3%.

Colorado & Southern.—The system has $8,500,000 of both first and second pfd. stk. and $31,000,000 of com. To pay the stipulated 4% on pfd. issues and 2% on com., there is needed only $1,300,000. The actual surp. rep. for first two-thirds of the yr. was $2,438,000.

Copper Metal.—Hayden, Stone & Co. make following resume of the copper mining record of 1909: Eighteen of the prin. copper prod. cos. have issued their reports for cal. yr. of 1909. Of eighteen cos., six were not able to earn their oper. exp., let alone paying divs. The gross recs. of these 18 cos. from sale of copper were $42,454,633. Their exp. were $32,986,244, and their profits $9,589,500. These 18 cos. prod. about 346,000,000 lbs. of copper, at a profit of only 20% on gross sales. Over $2,000,000 of the $9,500,000 profit were contrib. by the Utah Copper Co. The relation of oper. exp. to gross receipts of these 18 cos. was almost 80%. We do not think of any other large industry, whose oper. ratio is as high as this, partic. when it is consid. that, in prod. copper, mining cos. are really liquid. their assets. Railroads oper. around 65%; large street railway sys. 50% to 60%. We think that such comp. small oper. profit is strong argument that the copper indust. is

undergoing reorg. Before process is compl. weaker cos. will have been hard hit, but the stronger will be on firmer basis than ever before. There is one excellent feature to reports now being pub. The response to request for fullest pub. pertaining to affairs of copper mining has become gen., and a matter for sincere congrat., as we believe imeasurable benefits will follow. No imp. was shown in the copper sit. by the statemt. of the Copper Prod. assn. for mo. of April. Stks. of marketable copper on hand on May 1 were 141,984,159 pounds, an incr. of 18,159,285 pounds, as compd. with 123,824,874 pounds reported on April 1.

Crex Carpet.—The wisdom of step taken in 1908 when capital of the Am. Grass Twine was red. from $15,000,000 to $3,000,000 and name changed to Crex Carpet Co., has been more than confirmed by present co's. ability to pay divs. The semi-an. div. of 2½% just decl. makes total divs. the co. has paid since Oct., 1908, 9½%. There is not much trading in the shs. which have been as high as 64. This is rather a moderate fig. for stk. paying 5% and netting nearly 9.

Distillers.—One of the old-time trade wars is on bet. the Whiskey Trust and independents, and prices of spirits are being cut. The pros. are that this branch of co's. business will not be profit. this yr. Trade wars bet. the Trust and independents have gen. proved disastrous in the past, and the present sit. cannot be regarded in anything but an unfavor. light from a stk. market viewpoint.

Erie.—Feb. earn., while showing upwards of $250,000 incr. in gross rev., are less in net than for same mo. in 1909. The actual fig. for mo. are: Gross $3,997,016, as against $3,735,-278, an incr. of $261,738, but net is only $921,-231, as against $942,810 for Feb., 1909. This lessening of net is due to add. main. chges. and incr. cost of mat. and int. Moreover, it must be borne in mind that wage incr. granted by Erie does not fig. in statement.

Federal Smelting & Ref.—Federal S. and Ref. Co. is controlled by Am. Smelters Sec. Co., which is con. by Am. S. and Ref. Am. S. Sec. Co. was formed in the int. of Am. S. and Ref. Co., and bought con. of Federal S. and Ref stk. Federal S. and Ref. pfd. has been decl. by abrupt stages. Ten points on a single trans., and six more on another trans. Am. S. Sec. pfd. B stk. of which there are $30,000,000 guar. by the Am. S. and Ref., is quoted only nom. The relations bet. these various prop. are altogether too intricate to be carried in the mind. The only stk. in which Wall Street is int. is Am. Sm. and Ref., the original thing. (See Am. S. & Ref.)

Great Northern.—G. N. has $16,850,000 free assets in treas. which can be sold at any time, and may make it unnec. to add a stk. or bond incr. for some mos. In Mch. gross incr. $566,420, or 14%, over 1909. For nine mos. it was $46,308,270, an inc. of $5,564,582. Co. has been paying exp. and taxes with 62% of gross. An est. of $18,000,000 for nine mos.' net is not far out of the way. Last yr. first nine mos.' net was $14,744,000. G. N. is const. extend. In 1908 it oper. 6,594 miles; in 1909, 6,807; in Feb. last, 7,129 miles. By next fall it expects to have 7,500 miles in service. Devel. of the Northw. is more than keeping pace with growth of R. R. G. N. alone has been hauling 30 car loads of colonists daily. Many are men with families who have sold 160-acre farms farther east to take up ten times that acreage in new country. The incr. in number of farmers and merchants along its line is an assurance of steadily incr. tonnage. Roadbed and equip. are now in excel. condition.

Interborough.—Gross earn. for March rose over $200,000, as comp. with March, 1909, and net about $142,200 larger, while surp. for mo., after ded. of all chges and divs., was nearly $71,000 higher than a yr. ago. In Feb. co's. gross earn. incr. about $151,000 and net $121,700, the imp. in surplus being approx. $42,000. For nine mos. end. March 31, incr. $2,004,727 in gross oper. rev., a gain of $1,-884,367 in net, and a gain of $1,403,412 in net corp. inc. after paymt. of int., rentals, etc.

Intercontinental Rubber.—An official who has just ret. from inspection of co's. plant and ranch at Torreon, Mex., reports that plants are running night and day and turning out over 1,000,000 lbs. of rubber a mo. Most of co's. prod. for entire yr. is already contracted for at avge. price of 60 cents a lb. It costs slightly over 20 cents a lb. to lay the rubber down in N. Y. On a minimum prod. of 12,000,000 lbs. for the yr. 1910, means net profit $3,600,000. Allowing for 7% on $4,-200,000 pfd. stk. outst., or $294,000, the surp. remaining should equal $3,300,000, or about 11% on $29,000,000 com. stk. The co. has no funded debt. From the Congo concession, which this co owns in partnership with the Belgian Crown, sufficient rubber is being prod. to pay for explor. and devel. work in that territory. In add., the co. is doing further explor. work in Cen. and So. Am. Since first of this yr. co. has paid up all accum. pfd. divs., amting to 18¼%, req. the disb. of $766,-500, a reg. div. of 1¾% on April 10, and still has $1,300,000 cash in treas.

Int. Harvester.—The prosperity of Co.'s statement for fisc. yr. end. Dec. 31 last can only be interpreted as measuring the buying power of the great agri. classes of this country and the world. It is one of the largest sellers of Am. indust. prod. abroad, and for 1909 some $28,000,000, or 32%, of its total gross business measures foreign sales. Comp. with 1908 gross sales incr. $14,072,779, or 19.4%, and net prof. $6,007,058, or 75%—a mark of incr. administra. and oper. efficiency. Co. earned in 1909 $10,692,740, or 17.8%, on its old $60,000,000 com. stk., or 13.3%, on present $80,000,000 com., which incl. the 33 1-3% stk. div. decl. last fall.

Inter. Nickel.—A quick rise in com. stk. from 145 to 160, with no stk. offered, has led to rep. that at June meeting directors will cut a melon by decl. of special stk. div. Report has it that co. has some prop. which it can dispose of to advan., and the 20% div. talked of will come from pro. of

this sale. The co. has an auth. cap. of $12,000,000 each or com. and pfd. stk. There is outst. $8,912,626 pfd. and $8,822,622 com. stk., and last yr., after paymt. of reg. 6% pfd. div. quar. divs. of 1% on com. were begun on Sept. 1, and same rate decl. for Dec. quar., with ½% extra. The surp. remaining after these paymts. was $2,456,961, which is equal to about 14% on both com. and pfd. outst.

Int. Paper.—A strike is not always an evil. In case of Int. Paper it proved a blessing in disguise, for co. is now oper. 75% of normal, and the price of "news print" has adv. ¼ cent pound to 2½ cents. An inc. of ¼ cent in price of news print incr. profits $6,000 per day, and this is all net. The present adv. is second incr. this yr. Co. now has no low-priced contracts on its books, with one excep.

Int. Steam Pump.—The pfd. stk., of which $11,350,000 is outst. and entitled to 6% cumu. divs., has recd. full amt. since co. was incor. in 1899. The margin of safety over 6% earned and paid on pfd. each yr. since 1905 may be expressed in following per. earned on $17,762,500 com. stk. outst.: 2.35% in 1905, 6.10% in 1906, 3.75% in 1907, 2.04% in 1908, and 1.44% in 1909. Cur. earn. are said to be up to record. The floating debt of a yr. ago has been ent. extin. by means of $8,500,000 bond issue made last July, and co. is now comfortably fixed as regards work. cap.

Kanawha & Michigan.—A temp. order has been granted, enjoining Ches. & Ohio, Lake Shore & Mich. So. and the Hock. Valley co.'s from taking any further steps to control the Kan. & Mich. Railroad under terms of sale made recently. The purchasers are enjoined from voting or holding stk. of the K. & M., and the K. & M. is enjoined from accepting the purchasing co.'s as its owners. (See Ches. & Ohio.)

Kansas City, Mexico & Orient.—The Pecos county irrigation proj. of the railroad, said to be second largest in entire Southwest, will be opened to settlemt. on Aug. 1 of this yr. There is 25,000 acres of fertile land in the tract, all of which will be irrigated from Pecos river and number of reser. The railway estab. a new earn. record on April 31, on which day gross receipts from oper. on entire line were $12,500. This is the biggest day's business in road's history, the last prev. high for one day having been $9,900. The earn. by weeks also contin. to show incr., those for third week in April being $42,200, an incr. of $14,600 over earn. for same week last yr.

Kansas City Southern.—An inc. in oper. exp. and taxes for March of $114,785 absorbed all gross incr. and left a net decr. in earn. of close to $10,000. For nine mos. of the fisc. yr. the decr. was $105,558.26 in net. This is not so bad consid. an incr. in oper. exp. for nine mos. period of over $600,000. The co. has suffered equally with the rest of the corp. from incr. cost of everything it had to buy.

Laclede Gas.—Reports earn. for first quar. of 1910 at rate of 10.60%. At end of two mos. earn. rep. an. rate of 11.5%, so that March was not as fav. as either of the two preceding.

Lehigh Valley.—For yr. to end June 30 co. bids fair to show the greatest gross in its history. The prev. record was in 1907, at $35,521,000. In pres. fisc. yr., allowing for normal incr. in last three mos., gross should exc. 1907 by at least $200,000. Net will approach $13,700,000 or a full million more than in 1907. Surp. after chges. and before allowing for add. and bettermts., will be about $8,000,000, or 20% on com. after pfd. divs. In nine mos. to March 31, gross was $26,428,000, an incr. of $1,914,000, or 7.8%. Net was $9,373,000, an incr. of $1,464,000, or 18.5%. Oper. exp., incl. taxes, consumed 64.4% of gross, against 67.7% a yr. before.

Long Island.—Pres. Peters says: Gross rev. incr. $1,079,826, or 11%, notwithst. loss of $164,337 in pass. rev. from race-track business and of $96,963 in ferry rev. Freight tonnage incr. 523,136 tons, or 17%. Pass. carried incr. 4,223,923, or 18.2%.

Louisville & Nashville.—L. & N., on a 7% divi. basis, is selling lower than in 1909 as a 5% div. payer. For 1910, earn. should show a larger percent. avail. for stk. than any other purely oper. co. in the country, and, if earn. contin. as fav. during May and June, the last two mos. of fisc. yr., earn. will in all prob. amt. to about three times div. req. Excess of assets over liab. by end of June should be in vicinity of $30,000,000 or equiv. of about 50% on outst. stk. It is not improb. that some distrib. of these assets will be made within next twelve mos., prob. in shape of an issue of stk. carrying val. rights.

Missouri, Kan. & Texas.—March oper. resulted in a def. of $53,000 after chges. and taxes. At end of its ninth mo. in cur. fisc. yr. M. K. & T. has earn. $1,400,000 appl. to div. Should it contin. to earn at this rate thro. remain. of fisc. yr. it will mean 10% on pfd., which pays 4%, and sound like a good margin for com., but that is not the case, as the road has $13,000,000 pfd. and $63,000,000 of com., so while it takes very little to make up pfd. div., large surp. earn. would be req. to pay any sort of div. on com. Co. owns about the best freight term. prop. in city of St. Louis. It covers four square blocks fronting Broadway, in heart of commercial dist., and paid $3,000,000 for land alone, then spent a consid. amt. in imp. Now there is not a piece of prop. in entire city that could be used as a term., and if any roads not already located wish to enter city they will have to see the M. K. & T. or some others on the "West Side." This will mean a trackage agreemt., which usually pays lessor well. Speyor & Co. have pur. $10,000,000 of a new issue of 4½% deb. bonds of the co., the proceeds of which will be used for equipmt. and bettermts.

Missouri Pacific.—Investmt. in M. P. will soon be receivn. attention, by reason of record breaking earn. Gross earn. for yr., to end with June, give promise of ex. by $5,000,000 the prev. record earn. of $48,703,000 made in 1907, when there was a surp. of 10% for the stk., which was then paying 5% divs. and

selling for 125. Exc. earn. are now going into prop., and stk., now selling around 70, shows great spec. poss.

National Lead.—Co. has $20,000,000 of 7% pf. outst., which may be ret. at option of co. any time after Jan. 1, 1910, at par. Co. has a plant worth $25,000,000 and other investmts. worth $13,000,000; it has no bonded debt and could easily sell a 5% first mtg. bond. By sale of such a sec. and retiremt. of pfd. stk., co. would save $200,000 a yr., which is equal to 2% on $20,000,000 com. stk. Directors say they have no intention of exer. the retiremt. priv., but certainly would do so before reduc. com. div. This would be not only good business, but a moral oblig.

N. Y. Air Brake.—Rep. of sale of its Moscow, Russia, plant to Int. Harvester Co., for $2,500,000 draws atten. to the fact that stk. of N. Y. Air Brake is now selling at lowest fig. since panic of 1907. The issue is unpop. with the spec. and investmt. community because both stk. and all inform. regardg. co.'s affairs are "closely held." The N. Y. co. and the Westinghouse have a prac. monopoly on the air brake business of the U. S. The patents covering air brakes are basic ones, which effectively bars others from the field.

N. Y. Central.—This yr. N. Y. Cen. is to pay 6% divs. on $223,290,000 stk., against 5% divs. in 1909 on $178,632,000 stk. The inc. div. req. is nearly $4,500,000. Last year the co. had a bal. of $4,763,000 after div. paymts. It will prob. earn as large a bal. again this yr., despite inc. div. req. and wage adv. The road is saving $1,000,000 int. due to ref. of equip. notes with part of pro. of the stk. issue; is getting a 6% extra div. amting. to $2,700,000 from Lake Shore; and has a good inc. in earn. in pros., having gained $700,000 net already in mos. of Jan. and Feb.

N. Y., N. H. & Hartford.—Holders of outst. certif. for part paid new stk. are offered priv. to pay in full in exch. for receipts bearing 4%. The inc. ordered in various pass. rates should bring in an add. rev. of bet. $1,-800,000 and $2,000,000 per an., an amt. which will be about sufficient to cover total cost of wage inc. already auth. or which will prob. have to be granted before the labor question is out of the way.

Norfolk & Western.—Prelim. est. of gross for March indicate an incr. over March, 1908, of nearly 50% to about $3,000,000. March, 1909, gross was $2,467,958. These fig. are about as large as in any month ever reported, and net also will be very favorable.

Northern Pacific.—The co., with $248,000,-000 of stk. and a 7% rate, needs $17,360,000. It had earned at end of the eight mos. about $15,000,000, leaving less than $3,000,000 to be made up in four remaining mos. There is little question but that the full sum req. will be earned, with a few millions to spare. March net earn. decr. $781,184, altho. there was a gross gain of $241,203. This makes a very heavy net loss for the nine mos. April car loading was same as in 1907, when high records were estab.

Pennsylvania.—The co. has placed orders for add. equipmt. consisting of 127 coaches for the reg. service and 44 coaches for suburban service. Contracts have been made with Am. Car & Foundry Co. for 98 coaches, with the Standard Steel Car Co. for 48, and with the Pullman Co. for 25. Deliveries are to be made so that cars will be avail. in the early fall.

Pressed Steel Car.—The Virginian Railway has placed an order with the co. for 1,500 steel gondolas and 500 steel hopper cars. This is one of the best orders rec. by the co. in some weeks. The cars are to be 100 tons capacity, and will cost abot $1,500,000. Deliv. will prob. extend late into the autumn. Another order was rec. by the co., it being for 1,000 box cars and 25 steel underframe stk. cars for Seaboard Air Line.

Pullman.—Harriman lines have ordered 424 all-steel pass. cars, to cost $2,000,000. This will give the lines 925 all-steel cars, about one-third its entire pass. equipmt. The inc. acct. of co. for seven mos. to Feb. 28, 1910, shows co. is earning at an. rate of bet. 18% and 19% on present $100,000,000 cap. stk., or at rate of over 15% on total of $120,000,000 stk., incl. the 20% stk. div. decl. in Feb. last. The pro. of this astonishing earn. power are more apparent when it is stated that for seven mos. total net prof. of $11,060,352 were larger than for all of fisc. yr. end. July 31 last, and with single except. of 1907, larger than for any prev. fisc. yr. in co.'s history.

Railway Steel Spring.—All ten plants of co. are oper. at full capacity, while some are working on double shifts, and books are filled with orders for some time. Earn. for past four mos. were not only better than for same period, but better than for any four mos. last yr. No action can be taken for five mos. on resuming div. on com. stk., which have been passed since April, 1908, because the co. went to great exp. in building its Latrobe plant.

Reading.—Co. shows for March a decr. in net earn. of $643,962 as comp. with March of last yr. The Coal & Iron Co. shows an actual def. for the mo. of $122,307. Earn. of railway were $1,424,996 net, comp. with a net of $1,694,227 in March of last yr. Net this yr. will fall far short of meeting int. of 2% which coal co. has been paying Reading Co. for several yrs. on the so-called loan. Last yr. net was insuf. to meet the oblig. and Reading Co. had to be content with only part of it. Last yr.'s net was large enough to auth. new work at collieries amting. to $1,172,000, whereas it is quite doubtful if even that can be done this yr. The Coal Co. showing little or no profit cannot be taken as evidence that the coal lands are worth little to Reading as a source of inc., as the coal lands for several years have helped the railway by furnishing upwards of 20% of its inc.

Rock Island.—Co. will spend $11,500,000 for improvemts. and equipmt. this yr.—$7,500,-000 for equipmt. and $4,000,000 for improvemts. Bankers report sale of all the $1,000,000 Chgo., R. I. & P. first and ref. mtge. 4% bonds, recently offered. They are legal investmts. for savings banks in N. Y. State. N. Y. Stk.

Exch. has listed Chgo., R. I. & P. Railway Co.'s $220,000 add. ref. mtge. 4% bonds due 1934. The Stock List Com. is further empowered to add, prior to July 1, 1910, $1,494,000 add. of said bonds on official notice of sale, making total amt. to be listed $85,136,000.

St. Louis & San Fran.—Bankers have concl. nego. for $7,500,000 gen. lien 15 to 20-yr. 5% bonds, which covers needs of co. for this yr. $2,000,000 have been sold to French bankers who prev. took a block of bonds, so that there are now $10,000,000 placed and listed in Paris. Of bal., a large block has been sold to the Deutsche Bank which will make a public issue of the bonds in Berlin.

Seaboard Air Line.—Directors will meet latter part of June or early part of July to decl. int. paymts. on adj. bonds for six mos. end. April 30, prov. the system has earned it. From recent statements, it is almost a cert. that earn. will justify this paymt. on Aug. 1. At that time two quar. coupons mat. Feb. 1 and May 1, calling for 1¼% each, will be cashed. The bonds are selling at 71. With full yr.'s int. prov. for by earn. to date, it is interestg. to spec. on prob. bal. earned by end of yr. With but eight mos.' int. on new bonds chargeable against cur. yr., there would appear to be a bal. of about $400,000 accum., over and above int. paymts. for entire yr. 1909-10. By June 30 there should be a very subst. surp.
which handles almost 40% of the output of

Sears Roebuck & Co.—It is underst. that business is running subst. 25% ahead of last yr., and expected will reach bet. $70,000,000 and $75,000,000 if present business contin. until end of cur. period. It is anticipated that at meetings July 15 they will decl. a 20% stk. div. on junior issue, which would raise amt. of that stk. outst. to $36,000,000. Co. has been cancelling some pfd. stk. recently, and amt. now outst. is approx. $9,000,000.

Southern Pacific.—One of the most prom. oil oper. of Cal. est. that S. P. has bet. 65,000 and 75,000 acres of proved oil lands, in add. to a great domain of unproved lands lying in the oil districts. It owns alternate sect. for some 20 miles thro. heart of the Midway field that promises to be one of the largest in the world, and also thro. the rich Kern field. At present the price of proved lands in Cal. fields range from $1,000 to $4,000 an acre. Should S. P. sell its entire holdings in the oil fields, excl. of those it controls thro. Associated Oil Co., conserv. fig., the aggre. windfal to shholders. would be well above $100,000,000. Allowing for inc. of outst. S. P. stk. to $335,000,000, to incl. $62,000,000 that would be issued at instance of holders of approx. $80,000,000 bonds conv. at 130, the above est. pro. would mean a special div. of approx. $30 a sh. At this rate U. P.'s plum, as holder of 1,266,000 shs. of S. P. shown on books as of March 4, 1910, would be over $37,000,000. The public has had no concep. of the mag. of equity inhering in S. P. stk. by virtue of oil prop., which have been incl. in the co.'s an. reports only under the 14,000,000 acres of lands owned. It may be noted now that co.'s fuel oil supply is assured for a half century thro. its maj. holding of the stk. of the Associated Oil Co., California and has under ground on its own owned and leased lands an est. min. of over 600,000,000 barrels. At present Harriman lines are consum. about 10,000,000 barrels per an.

Southern Railway.—The amt. of bonds to be intro. in Berlin will reach at least $5,000,000, and may be consid. larger. Those who are conducting nego. have options on $20,000,000 to $25,000,000. The co. will unquest. earn a liberal bal. over and above amt. req. to pay full 5% div. on its pfd. stk., but it is consid. unlikely that the managemt. will deem it wise to resume div. in near future, as it is well known that co. is doing consid. imp. work and that still greater activities in this direction are contemp. Certain portions of line are being double-tracked and it is more than likely that surp. rev. will be conserved.

Third Ave.—The Third Ave. Railway Co. of N. Y., a reorg. of the Third Ave. Railroad Co., formed by int. which pur. the prop. of the old co. on March 1, was incorp. with a capital of $16,590,000. The stk. of the new co. is divided into $100 shares.

Twin City Rap. Transit.—Earnings for past three mos. have been showing avge. mo. gains of nearly 11% and over 60% of inc. in gross has been saved for divs. As result co. earned in first quar. bal. for divs. $409,000, which is an inc. of 34% over same period of the 1909 yr. Co. should earn in 1910 bet. 9% and 10% on its $20,100,000 com., comp. with approx. 8% for 1909. There is little likelihood of any further inc. in div. beyond present 6%, however, for some yrs. to come. The co. placed com. on 6% basis only after several yrs. of delib. and partly with the idea that as a 6% stk. com. would adv. to a point above par that would make poss. future fin. thro. occasional issues of new stk. instead of depending ent. upon bonds as has been the custom for yrs.

Union-Southern Pacific.—Now that further hearings in merger case have been put off until Oct., Wall St. will have ample time to come to a true conception of an adv. decision. The worst thing the Gov. can do is to order U. P. to sell its S. P. stk. In this case what would stand in way of selling it to a banking house prom. identified with the Harriman roads, or to a synd. friendly to U. P. and S. P.? Surely not terms, for U. P. could make them easy. Certainly not the law, for such a sale is legal. The only thing U.P. really cares about is main. friendly rel. with S. P., and only the form of rel. would be changed. The most import. change would be in U. P.'s treas.; here it would have cash instead of stks. But directors do not sit up nights worrying over too much cash. (See Southern Pacific.)

U. S. Cast Iron Pipe.—Co.'s 12 plants are oper. at nearly full capacity, and a large number of orders booked ahead. While business has been steadily imp., it has not picked up as fast as expected earlier in yr. While pipe business shows great improvemt. over last yr. it is still below an avge. for last 10 yrs.

U. S. Realty & Imp.—The co. reports for March: Gross earn., $284,762; oper. exp., etc.,

$96,146; net earn., $188,616; int. on deb. bonds, $45,833; surp., $142,783.

U. S. Rubber.—Of $5,000,000 10-yr. 6% coll. trust bonds, either sold or taken on option, have been sold to a syndicate and are now being offered to investors at 103¼ and int., to yield 5.5%. The remain. $2,500,000 bonds are still under option to the synd., composed largely of directors of the U. S. Rubber and will be taken up in event that co. needs more work. cap. The co. reports profits for yr. end. March 31, 1910, of $5,535,163, as comp. with $4,507,656 for prev. yr. Gross sales amted. to $56,305,017, against $46,403,254 and $62,696,165 in prev. two yrs. Total surp. as of April 1, 1910, was $7,799,571, as comp. with $5,838,639 April 1, 1909.

U. S. Smelting & Ref.—The adv. in price of silver to 53c. within past three weeks (a 3c. adv. to highest point in yrs.) is of more than passing int. as affect. U. S. Smelt. & Ref. Every one cent adv. in price of silver adds $75,000 per an. to earn. of the co., so that the recent 3c. adv. is equiv. of $225,000 per an., equal to 65c. per sh. for com. stk. This adv. in silver will compensate for dec. in price of copper. Annual report shows after paying selling exp., repairs, legal exp., etc., co. had a profit of about $3,947,000. The pfd. div. and divs. to min. stkholders of subsid. cos. amted. to $1,706,000. Ded. thus from profits as stated, there was a bal. of $2,241,000. This bal. was in excess of $6 for every sh. of the co.'s com. stk. But note the distrib. First, the sum of $810,000 was written off to dep., imp. and res.; next, a div. of only $2 per sh., calling for $702,000, was paid; and finally, a bal. of $729,000 was carried forward to undistrib. surp.

U. S. Steel.—The placing of Steel com. on a 5% basis would seem justified by earn. in first quar., which were on a rising scale, March showing a gain of more than $3,300,000 over Jan. Bal. app. for divs. was $24,191,231. After ded. pfd. div. there remained $17,886,312, equal to 3.52% on the com., or at rate of 14.08% for yr. After all ded. except $5,000,000 for new const., there remained $11,532,000 avail. for new const., or at rate of $46,128,000 for yr. On basis of first quar., Corp. could pay 7% on pfd., 5% on com. for the yr., and still have over $46,000,000 for new const. if it were deemed advisable so to use the money. The corp., since org., has inc. cap. from 25,000 tons to 42,000 tons a day, or about 70%. Incl. est. expend. this yr., it will have spent approx $450,000,000 for new const. and extra. replacemts. It has brought about this enor. inc. without incr. pfd. div. and int. oblig. Chairman Gary has issued following statemt.: A plan for relief of empl. injured and families of those killed has been adopted which prov. that during temp. disablemt. single men will rec. 35% of their wages and married men 50%, with an add. 5% for each child under 16 and 2% for each yr. of service above five yrs. For perm. injuries lump sum paymts. will be paid based on extent to which each injury interferes with empl. and on an. earn. of men injured. In case men are killed in work accidents their widows and children will receive one and one-half yrs. wages with an add. 10% for each child under 16 and 3% for each yr. of service of the deceased above five yrs. This plan will be in oper. for one yr. from May 1, 1910, and if it meets with success and approval it is hoped that similar and possibly imp. plans may be adopted in succeeding yrs. Also for period first above ref. to there has been under consid. a plan for paymt. of pensions for disabled or superan. empl. and it is epected this will soon be put in practical effect.

Utah Copper.—With closing of yr. Utah has made total net prof. of $5,293,004 and paid divs. of $2,160,775. Disb. during 1909, $1,464,387.50. The undiv. prof. December 31st, $2,943,626, of which $1,380,928 rep. net avail cash workg. cap. March output of co. approx. 8,000,000 lbs., is stated to have been made at cost of 7.94 cents per lb. oper. ref. and selling exp. of every kind incl. Co. earned more per sh. in March than in any prev. mo. From Utah oper. alone the co. earned approx. $400,000, which is at rate of more than $3 per sh. now being paid in div. Incl. the 47½% of Nevada owned by Utah Copper, total net earn. in March were at rate of over $4 per sh. on 1,540,100 shs. of Utah Copper now outst.

Virginia Caro. Chemical.—It is est. that the inc. demand which crop disaster will entail will create market for bet. 200,000 and 250,000 tons of add. fertilizers and the great bulk of this will be sold by this co., whose field is largely in the South. Unlike the great grain crops, 75% to 80% of cotton raised in U. S. is grown with help of fertilizers. As the co. approaches close of its fisc. yr., the pros. of an inc. in div. rate on $27,984,400 com. stk. to a 4% or 5% basis are growing brighter. V. C. should earn for full 12 mos. at least 12% on com. Large sales have necess. some borrowing, but total has not been suf, to oblige co. to go outside its own banks for accom. As a result co. will close its fisc. yr. with floating debt slightly larger than the $2,370,000 carried at end of 1909 yr., but very much less than the $9,000,000 floating obli. May 31, 1908. The co. pays $1,400,000 or 8% on its pfd. stk.

Vulcan Detinning.—An. report for yr. end. March 31, 1910, shows total net prof. after usual ded. for depre. and bettermts. amted. to $208,685 against $182,619 in 1909 and $71,152 in 1908. After ded. four quar. divs. of 1¾% and two extra of ½% each paid on pfd. during yr., there remained a bal. carried to surp. $118,685 as comp. with $56,250 the prev. yr., when 3¾% was paid. The accum. divs. now due on the 7% pfd. stk. amt. to 19%.

Wabash-Pitts. Term.—Bankers who were expected to reorg. jointly Wheel. & Lake Erie, and Wab.-Pitts. Term., which prop. are jointly bankrupt, have abandoned the Wab.-Pitts. Term. in appar. despair. The cap. requiremts. are so large and matter so complicated that they pass it on to bondholders. An incident so rare that there is a great deal of curiosity as to outc. Bondholders seldom take their prop. Gen. they are offered the alternative of taking it themselves prov. new cap., or ac-

cepting such terms as bankers impose, letting others put the new cap. in. Almost always they have accepted bankers' terms. When bankers meet protest with prop., "Well, then take the business yourselves and find new capital if you can," the bondholders are likely to "get into line." In this case they have no alternative. The oppor. for bondholders is hardly as fair as it looks. The Wab.-Pitts. Term. is a term. prop., now finan. isolated, and there is what Wall St. would call a very narrow market for it. The roads that use it are Wheeling & Lake Erie and Wabash, and if they abandon it to bondholders, with whom else can the bondholders deal? It is an expen. prop. that cannot support itself. It has to be supported by roads that use it. Wab.-Pitts. Term. is grossly overcapitalized, but it is doubtful if it could earn int. on its actual cost as an independent prop. What will the bondholders do with it? The Wab.-P. Term. 1st mtge. bondholders claim they have sec. enough to make the bonds worth par; and if not, they are disposed to take any def. out of the Wab. Co.

Westinghouse Electric.—Shipments for mo. of March were $2,950,000 from East Pitts. and Newark factories, and about $500,000 from the 3 subsid. cos., making total about $3,450,000, or at rate of over $40,000,000 per an. During March new orders were received consid. in excess of shipments, while inq. from pros. pur. indi. further inc. in demand of combined facilities of co.

Technical Inquiries

Is there any point in connection with the science, methods or customs of the various markets which you would like to have elucidated? If so, write questions briefly and they will be answered in this column or otherwise. If personal reply desired, enclose stamped envelope. Address Inquiry Department.

☞WE DO NOT GIVE ADVICE OR OPINIONS UPON SECURITIES OR PROBABLE MARKET MOVEMENTS.

Puts and Calls—Short Sales.

T.—Vol. I of THE TICKER, Nos. 2 and 5, contain articles on puts and calls. Short sales are explained in Vol. I, Nos. 5 and 6. We will send you these three numbers on receipt of 75 cents, or send you bound volume No. I, containing many other valuable articles, for $1.50 postpaid.

Stop Orders.

Can you advise me of a book describing fully the use of stop orders, aside from what you have in THE TICKER, of which I have read every copy?—J. H. S.

We do not know of such a book as you desire. You will find some suggestions as to the use of stop orders in Nelson's "A B C of Stock Speculation." If you haven't a copy of this book, it will doubtless pay you to purchase it. We can supply it.

Studies in Tape Reading.

H. T. E.—"Studies in Tape Reading" is a reprint of a series of articles under that title which appeared in THE TICKER from November, 1908, to October, 1909. It is now republished in pocket size, bound in limp leather, for the use of those who want it as a handbook.

Privileges on Fractional Lots.

Will you please give me the name of some reliable firm where I can purchase puts and calls on 10 or 25 shares of stock?—T. W. H.

We do not know where you can purchase privileges on fractional lots. It is not customary to issue puts and calls on less than 100 shares.

Buying Single Shares.

Is it practicable to buy single shares of active stocks like U. S. Steel Common, Amalgamated, etc., for cash on a scale down. If so, what brokers could you refer me to who would execute such small orders?—A. C. B.

We would suggest that you place orders to buy single shares of stock with your bank. As a rule brokers do not care to execute such small orders, but if they come from a bank they receive better attention than if they are for an individual.

Mining Stocks on N. Y. Produce Exchange.

N. C. R.—Produce Exchange Seats are now selling at $400 to $450. The stock transactions on the Produce Exchange are limited to a few small mining issues. In fact, there is such a trifling business done in stocks on the above exchange that it is hardly worth considering.

Information About Bonds.

J. E. N.—We think Lownhaupt's book on "Investment Bonds" is the best text book available on that subject. It gives a clear and detailed explanation of the different kinds of bonds and the conditions affecting their value. It is intended to cover the entire subject of bonds and the bond market in a comprehensive way, and the author is well qualified as an authority on that subject.

Cotton and Grain.

B. H. E.—If you will take the principles mentioned in the series "Studies in Stock Speculation," which is now running in The Ticker, and apply them to the cotton market or the grain market, you will find that they will work out satisfactorily. We refer especially to the trend, figure and other chart methods, which have been and will be mentioned in this series.

Study of Statistics and Market Methods.

X. Y.—It would be impossible in the limited space here available to answer in detail all your questions.

We suggest that you purchase:

	PRICE.	
Babson's Business Barometers.	$3.12	postpaid
Burton's Crises & Dpressions.	1.52	"
A B C of Wall Street.........	1.06	"
A B C of Stock Speculation...	1.06	"

We think you will find practically all your questions answered in these books. After reading them, if these subjects are not clear to you, we shall be pleased to have you write us again. We have the above books in stock.

Official Stock Exchange Lists.

Will you please advise me where I may obtain the official New York Stock Exchange lists showing daily sales, high, low and closing bid?—E. J. H.

Official New York Stock Exchange lists of sales are furnished to members only, and are supplied by members to their branch offices and correspondents in the brokerage business. You can doubtless arrange with the nearest New York Stock Exchange house to furnish you the lists you desire. We believe * * * is a correspondent of a New York Stock Exchange house in your city.

Pyramiding.

I have not seen explained in your magazine different methods of pyramiding, with directions how to use them, and advice as to the circumstances under which they may be expected to work and when they might not do so, with suggestions as to the handling of stops, and where it is better to stop buying and close out.—J. B.

Pyramiding is dangerous business. An expert trader of long experience can sometimes use this method to advantage, but the average outsider would much better let it alone.

Reactions.

Can't something be said about timing reactions and about too little and too much patience?—J. A. W.

There is undoubtedly room for a scientific study of reactions. Professional traders are accustomed to expect a reaction of about one-half after a pronounced movement in the market, but this is subject to many exceptions and irregularities. "The Principles of Price Movements," by Thomas Woodlock, in Vol. IV of The Ticker, p. 247, has an important bearing on this subject. Why not take this matter up yourself and make a thorough study of the subject, and submit the results of your investigation in the prize competition which was announced in the May Ticker? We should be glad to see such a manuscript from you or any other student of the market.

Correctness of Newspaper Quotations.

H. C. K.—The time between the close of the stock market and the hour when the evening edition of the Dallas *News* goes to press is very short. It is not surprising that some errors creep into its quotations. The wires may be working badly or the final figures on the stock market may be delayed in transmission. The same applies to any evening paper at a distance from New York. The figures given in the New York *Evening Sun* are nearly always correct, though, of course, no newspaper is proof against an occasional typographical error. The closing price as given in the stock list in the *Sun* is the last sale for the day, not the closing bid. The closing bid and asked prices are given in a separate column.

Daily Quotations and Volumes.

I am anxious to get a record of daily opening, high, low, close and volume of transactions of the principal stocks, running back four or five years, arranged in tabular form, without plowing through a paper like the *Commercial and Financial Chronicle.*—T. H.

You can find the records you desire in the bound volumes of Benton's Monthly Railroad and Industrial Quotation Records back as far as the year 1906. The prices are as follows:

1909—	Railroad, $2.	Industrial, $2.	Both, $3.00
1908—	" 3.	" 3.	" 4.50
1907—	" 4.	" 4.	" 6.00
1906—	" 5.	" 5.	" 7.50

We can supply you with these volumes on receipt of your remittance. Current numbers are 25 cents each or $2.50 a year for either the Railroad or Industrial section.

Catching Tops and Bottoms.

What would be your recommendations for determining the extremes of prices, for one who purchased only in panics? How can anyone without special facilities and at long range, determine with reasonable accuracy the times to get in and out of such purchases?—E. C. D.

It would be impossible for us to cover your

question in a letter. Determining the proper point at which to buy securities in a panic is a matter of life study. Hardly anyone can buy at the bottom, but almost anyone, by the use of ordinary business judgment, can buy stocks outright in a time of panic and sell them later at a satisfactory profit.

Rollo Tape in his series entitled "Studies in Stock Speculation," now running in THE TICKER, will take up this point in an early issue and will doubtless have some interesting suggestions to make on the subject.

Advertised Stocks.

H. T.—You will make a great mistake if you invest a lot of money in enterprises which are widely advertised in glowing terms. About one-tenth of one per cent. of these companies ever show a return to their stockholders. You state that you wish to invest, not speculate. Permit us to say that buying this class of securities is the rankest kind of speculation. You might better buy one share of Union Pacific or Pennsylvania or some other standard dividend-paying stock and pay for it outright, than to buy a million shares of the kinds of cats and dogs which you see advertised in the newspapers. It is not always a question of the responsibility of the concerns which are promoting the stock. These shares are made to sell, and as a rule the people who buy them may as well kiss their money goodbye.

Selling Against Rights.

G. W. B.—Brokers charge 1-32 commission for buying or selling rights, i. e., the commission on rights on 100 shares would amount to $3.12½. In selling stock short against rights you would pay the regular ⅛ commission on the amount of actual stock. If you sold 25 shares you would pay ⅛ commission on this number of shares, which would also amount to $3.12½.

There is an article in the January, 1908, number of THE TICKER explaining the method of selling against rights, and the reasons therefor. We have some copies of this number on hand; price, 25 cents. This subject will also be touched upon in later chapters of "Studies in Stock Speculation."

Methods of London Exchange.

Kindly advise me the number of shares that constitutes a standard trade on the London Stock Exchange, and the amount of margin usually required.—F. L. M.

The standard transaction of the London Stock Exchange is 100 shares of American stocks, although a very large number of the dealings are in 10 share lots and multiples. London Stock Exchange brokers do not require margin, the method of doing business being entirely different from that followed in America. In order to open an account in London you must be properly introduced and the fact must be established that you are not an employee. You must be in business for yourself or have sufficient means to warrant the brokerage house in giving you credit. These preliminaries being satisfactorily arranged, you buy and sell without depositing any money, and when the fortnightly settlement comes around, the broker renders you a statement, showing whether you owe him or he owes you. If you have profits to your credit you can withdraw or leave them as you prefer. If there is a loss you are expected to hand the broker a check for the amount.

Trend Indicator.

I was pleased with Rollo Tape's idea of keeping a Trend Indicator, and after getting sold out in January decided that perhaps if I made your suggested diagram cover a number of past declines, and so get a picture of what declines look like, I wouldn't always get cold feet at the bottom. In February I completed a picture of six months of 1905, and comparing it with the recent decline, I told a friend that the comparison led me to believe that when the market started up it would rise without reactions, which is exactly what it has done to date. The verification of this prediction pleases me highly. I have found that there is an enormous amount of labor involved in making these charts, and in order to get anything done have been obliged to cut Rollo Tape's list from 20 stocks down to 10, using the following: Amalgamated, American Smelting, American Telephone & Telegraph, U. S. Steel common, Atchison, Southern Pacific, Union Pacific, Northern Pacific, Pennsylvania, Reading. Would you suggest any changes?—D. E.

We suggest that you cut out Telephone and Telegraph and add St. Paul, as it is a more influential stock. You can cut down your work on averaging, by adding the fractions instead of the decimals in making up the Trend Chart.

Stop Orders Placed by Broker.

Can you send me the address of a reliable New York broker who would accept an order to buy stocks for cash or on thirty-point margin and keep a stop order at three points below the latest high price, but not below five points above the purchase price, raising the stop as the price went higher? For example, I might purchase at 165, the price might react several points, then go up to 167, 165, 169, 167, 171, 168, 173, 170, then be sold. Would a broker be willing to repurchase if the stock reacted five or more points, then repeat the operation as above? I am in doubt as to whether a brokerage house is organized in such a manner that it will take the responsibility of raising the stops without a specific order from the operator in each case.—R. H. W.

If you make your order explicit, there is no reason why any good Stock Exchange firm should not carry out your instructions. The broker will repeat the operation as often as you desire. Be sure to make your order explicit so there can be no question as to just how you wish him to proceed. We suggest * * * * or * * * *.

Supply of Stocks in the Loan Crowd—"Sold" Quotations.

(1) Is there any way for a small trader to ascertain the scarcity or abundance of stocks for lending purposes, so as to know if the market is oversold?

(2) What, in the full quotation sheet given by the *Sun*, does the mark *sld.* mean? For instance: 200—83; 100—83⅛; 1800 sld. 83; sometimes the quotation with sld. is a great deal away from the preceding or following ones.—L. D.

(1) It is difficult for the ordinary trader to get reliable information as to stocks available for lending. When loans are flat or at a premium the natural presumption is that a considerable short interest exists, but as large holders of stocks often sell stocks short and borrow for delivery so as to conceal their operations, the loaning rate cannot be accepted as an infallible index to the size of the short interest. Our experience is that the behavior of the market is a better indication as to the size of the short interest than the loaing rates as quoted in the daily press.

(2) "Sold" quotations as appearing on the quotation sheet of the *Sun* indicate that the sale was made some little time before, and not in the regular order of quotations as printed. For example, in a rising market a sale of 100 shares of Steel may have been made at 80, and not reported on the ticker until the price had advanced to 80½. It then appears "sold" at 80. When two prices are connected by a brace it means that sales at these different prices were taking place simultaneously. This frequently occurs at the opening in a very active market.

Execution of Orders.

I bought 100 shares of a certain stock at 1¼. Later it sold as low as 1⅛, and I wrote out an order to sell my 100 shares at 1⅝, good until cancelled. A few weeks afterward the stock closed 1¾ bid, 1⅞ asked, but I did not receive a report of the sale. I called up my broker and asked the clerk to let me have quotations on the stock, and the reply was "1⅞ and 1 15-16." I then instructed him to sell my 100 shares at the market and the next morning I received report of the sale. Later, on calling at the broker's office, he said, "We sold your 100 long at 1⅝ and you are now short 100 at 1 15-16 on your market order." I have never received any written report of the sale at 1⅝. Please advise me whether I have any redress in this case.—C. I. S.

From the facts as stated, it would appear that, while your broker was careless in not notifying you promptly of the sale of 100 shares at 1⅝, you were chiefly at fault, for the reason that you did not first ask whether your order to sell at 1⅝ had been executed, when you gave the instructions to sell at 1 15-16. You should first have ascertained whether your previous selling order had been executed. If not, you should *then* have instructed your broker to cancel the order to sell at 1⅝, and sell 100 shares at the market. If in placing the second order over the telephone you made it clear that it was an order to sell your long stock and not to go short, then there was evidently some carelessness on the part of the clerk in the broker's office in making the short sale, but in an office where a large number of orders are handled daily it is a difficult matter for the clerks to keep in mind the details of each customer's account. When you gave the order to sell at the market, you could hardly expect a clerk to go and examine your account to see whether you were long of the stock, before he put in the order to sell.

Choice of Brokers—Securing Capital.

E. W. H.—You are right in concluding that the greatest caution is necessary in the choice of a broker and in the selection of securities to be purchased. We think you will get better results by trading direct through a member of the New York Stock Exchange than in any other way, and we would recommend that you use every effort to select a broker whose methods are conservative, who requires liberal margins, and who seeks the patronage of the best class of customers. The books you have read are excellent and we think it will pay you to get all the back numbers of THE TICKER. The trend indicator is an important aid in judging the market. It is simply common sense boiled down into such a form as to be easily taken in at a glance.

We do not know of any way in which you can secure capital from others with which to operate in the market on a satisfactory basis. In the nature of the case you cannot give security and those circumstances are exceedingly rare when it pays to accept the management of capital without giving security. As to handling discretionary accounts, we would advise you most emphatically to let them alone. Any one who has had any experience in this line will give you the same advice. Discretionary accounts are a continual source of friction and dissatisfaction to both parties. We think your best plan is to begin with small capital, trading in ten-share lots and either use stop loss orders or otherwise cutting losses short. Have 50 per cent. margin available on all trades. While it would undoubtedly be an advantage to you to devote all your time to the business, there are many traders who secure successful results by studying the market out of business hours. In one way such traders are in a stronger position, because they are not directly dependent upon their market operations for an income, and this relieves them of anxiety—an important factor in successful trading.

If you wish to be placed in touch with a responsible house, write THE TICKER, stating whether you are contemplating investment or speculation, what amount you have for investment, or in what sized lots you wish to deal.

Also state what large city is located most conveniently to you, or if you have any preference in this regard.

Legal Inquiries

In this department Lindsay Russell, of the law firm of McLaughlin, Russell, Coe & Sprague, will answer inquiries in regard to all legal questions arising between broker and client. Mr. Russell is an acknowledged authority on the subject, having been receiver of Otto Heinze & Co., Ennis & Stoppani and other prominent firms.

Failure to Deliver Stock Purchased.

Several months ago I purchased stock through a broker and paid for it in full. The broker has not delivered the stock. How shall I obtain it?—T. L. W.

The customer should make a formal demand upon the broker for the delivery to him of the shares purchased upon his order, and in the event the broker then fails to deliver the shares he has a right of action at law for the recovery of the specific shares, if the broker has them to deliver, or for their value.

Money Awaiting Investment.

Recently I deposited a sum of money with my broker to be held awaiting investment. About a month later he failed, but up to the time of failure my original deposit had not been invested or used to purchase stocks. Could I recover the original deposit, or am I a preferred creditor in any way?—O. E. A.

The difficulty in this case will be in tracing the money, as money, unlike other specific chattels, has no identity. One coin is like another unless it can be traced into a specific fund; therefore, unless the customer can trace this deposit of money into some bank account and identify it and further show that the bank acount has not at any time fallen below the amount traced therein and impressed with the trust, he would be unable to recover the deposit. The mere fact that credit is given the customer on the books of the broker would not in itself be sufficient to allow him to recover the sum deposited. Of course, the customer must also, in the event the broker fails, trace the specific deposit of money into the hands of the broker's receiver, or into the hands of some one from whom the receiver could recover the funds.

Broker's Error on Telephone Order.

A short time ago my broker, by error I suppose, credited me with purchase of stock for which I had never given any order. He sent me a memorandum of this purchase in the regular way, but I overlooked it and did not know that I stood "long" on his books for the purchase of the stock in question. When I received a statement at the end of the month I discovered this item, which then showed considerable loss. The broker refuses to stand this loss, as he claims the order must have been received or the stock would not have been purchased and placed to my account. As all my orders are placed over the telephone, it is now impossible to prove that I did not place the order. What remedy have I in this case? It seems unreasonable to suppose the broker can place any item he desires on my account and claim that I put in the order over the telephone; yet how am I to prove to the contrary?—G. C.

Under these facts the burden is on the broker to show that the customer gave him the order to purchase the stock which he marked on the customer's account. Of course the customer would have a much stronger case if he had immediately repudiated the transaction when the memorandum of purchase was first sent in by the broker. This, however, is not of itself sufficient to shift the burden of proving the order from the broker to the customer.

Failure of Broker.

I put up $400 with * * * and sold 10 shares St. Paul and 10 shares Steel common short, on which I had a profit of $109.87 when all their trades were closed out under the rule. (1) What is my position now and what can I do? (2) If I put up bonds or stocks instead of cash, would a broker have the right to hypothecate them? (3) I understand when bonds or stocks are up as margin and the broker fails, all that is necessary is to pay for the stocks bought on margin in full, in order to redeem the bonds or stocks which were put up as security. Please explain fully what procedure to take.—H. E.

(1) As this customer was a margin trader he is a general creditor of the brokers for the balance due him. (2) If securities were put up with the broker instead of cash as security against loss to the broker on the customer's account, the broker would have no right to re-pledge these securities unless they were given and received under a receipt which contemplated re-pledging by the broker; or unless the customer otherwise gave the broker permission, either orally, in writing or impliedly by his acts. If the securities were put up as and for margin, to take the place of money, that would probably be construed as giving the broker the right to re-pledge them, at least to the extent of the advances he is obliged to make on the customer's account. (3) If the securities put up as margin, or the securities purchased by the broker for the customer, come into the hands of the broker's receiver, the customer, by paying all indebtedness due the broker, with interest in full, can obtain his securities from the receiver.

Essential Statistics Boiled Down

THE figures below give a complete view of the financial and industrial situation in the smallest possible space. Under each head we give figures for the *latest* month available, for the preceding month (in some cases the preceding *two* months), and for the *corresponding* month of each of the four preceding years.

	Average Money Rate Prime Commercial Paper, New York.	Average Money Rate Prime Commercial Paper, Foreign.	Per Cent. Cash to Deposits, New York Clearing-house Banks.	Per Cent. Loans to Deposits, New York Clearing-house Banks.	Per Cent. Cash to Deposits, All National Banks.	Per Cent. Loans to Deposits, All National Banks.
May, 1910	4¼	3⅝	26.9	101.4	....	.....
April, 1910	4¼	3⅜	25.8	100.9	....	.....
March, 1910	4⅝	3½	26.1	100.2	15.9	104.5
Corres'g mo., '09.....	3¾	3	26.1	96.3	18.2	103.4
" " '08.....	5¼	3⅝	29.5	94.1	20.0	105.5
" " '07.....	5½	4⅜	26.0	101.7	15.4	107.1
" " '06.....	5¼	4	25.7	100.9	15.6	105.0

	New Securities Listed on New York Stock Exchange.	Money in Circulation Per Capita First of Month.	Bank Clearings of U. S.,	Bank Clearings of U. S., Excluding New York City.	Balance of Gold Movements —Imports or Exports.	
May, 1910	....	$34.45				
April, 1910	$114,749,000	34.87	$14,001,387,000	$5,659,725,000	*Ex.	$34,180,000
March, 1910	525,821,700	34.87	15,017,382,000	5,971,198,000	Im.	2,676,900
Corres'g mo., '09	124,666,500	34.92	13,689,794,000	5,075,065,000	Ex.	2,988,887
" " '08	152,606,200	35.37	9,764,600,000	4,277,026,000	Ex.	11,915,144
" " '07	217,753,800	34.16	12,661,631,000	4,994,103,000	Im.	2,754,683
" " '06	87,211,200	32.22	12,902,156,000	4,358,920,000	Im.	12,456,031

* Approximate.

	Balance of Trade— Imports or Exports.		Bradstreet's Index of Commodity Prices.	Wholesale Price of Pig Iron.	Production of Pig Iron (in Tons).	Price of Copper, (Cents).	Production of Copper, Pounds.
May, 1910		....	....	$17.58	....	12.8	....
April, 1910	Im.	$853,000	9.11	18.05	2,483,763	12.7	117,477,639
April, 1910	Im.	19,254,613	9.19	18.28	2,615,261	13.2	120,067,467
Corres'g mo., '09	Ex.	2,989,551	8.31	16.12	1,738,877	12.8	113,574,292
" " '08	Ex.	45,932,129	8.06	17.12	1,149,602	12.6	....
" " '07	Ex.	27,897,706	8.96	26.60	2,216,558	24.0	....
" " '06	Ex.	37,061,959	8.29	19.25	2,073,645	18.4	....

	Net Surplus of Idle Cars.	Building Operations, Twenty Cities.	Business Failures, Total Liabilities.	Condition of Winter Wheat.	Winter Wheat, Acres Growing.
May, 1910	......	....	....	82.1	29,044,000
April, 1910	96,319	$62,839,455	$17,752,591	80.8	33,483,000
March, 1910 ...	17,342	60,845,215	13,628,572	....	....
Corres'g mo., '09	281,830	71,435,000	16,825,216	83.5	27,871,000
" " '08	413,338	42,115,000	20,316,468	89.0	29,751,000
" " '07	......	67,293,000	11,082,096	82.9	28,132,000
" " '06	......	61,648,000	8,059,649	91.0	29,623,000

The Market Outlook

By G. C. SELDEN

ON May 3rd the average price of twenty standard railroads declined to 117 after having reached 134 last August. A glance at the average chart on page 11 of the May TICKER will show that, in the bull market which began after the panic of November, 1907, prices reacted approximately half of each advance until September, 1908. On the reaction in that month the average reached 104, and from that point until the top on August 14, 1909, reactions were less marked.

It will be seen that the average of 117 represented a decline of about half the advance from 104 to 134. A normal rally from this decline has since taken place. It may be assumed, therefore, that prices are, at this writing, in a condition of comparative equilibrium and it is important to consider carefully the various factors which may influence the future.

General Trade.—Up to the end of April there was, as shown by the page of "Essential Statistics," no important recession in average trade conditions throughout the United States. This was natural, as the movement of the stock market will ordinarily anticipate trade conditions by at least three to six months.

Certain lines of business, however, sympathize more immediately with stock prices and had already, on that date, shown reactionary tendencies. Iron and copper, because chiefly used in new construction, quickly feel the effect of sluggishness in the investment market, as new construction is directly dependent on new investments. Hence we are not surprised that both these metals had, before the end of April, reacted from the high prices and supplies were showing a tendency to accumulate. The cotton industry was also suffering somewhat owing to the abnormal price of raw cotton.

Since May 1st the reactionary tendency of trade has been more pronounced. Bank loans have become so much extended in the central and western states that rates of interest have been raised, especially on real estate transactions. This has slightly dampened the enthusiasm of speculators in those sections. The balance of trade is still running against us and complaints of "scarcity of capital" are attracting general attention. It is becoming fashionable for our leading financiers and others to lecture the people upon their reckless extravagance, especially in buying automobiles, on the ground that the proper thing for the people to do is to live economically and save their money to be put into the banks and used by said financiers in the prosecution of their various enterprises. Bank clearings are for the first time beginning to fall below last year. Idle cars are showing some increase—not important, to be sure, but perhaps indicating a tendency.

This dulling of the edge of business activity, though it has not yet reached important dimensions, operates to create bear sentiment in the stock market. Such sentiment, so far as based on the condition of general business, is likely to be mistaken, for the reason that the stock market anticipates business conditions instead of following them. Of course, a further decline in the stock market, accompanied by a further paralysis of investment demand, would result in intensifying the dullness of business; but, on the other hand, we might easily have a six months' advancing market for stocks without any important increase in general business activity.

Investment Conditions.—It is far more important to consider money and investment conditions and in that direction several encouraging events have taken place. The reported sale of over $100,000,000 of our securities in Europe is decidedly helpful, chiefly for the reason that it would enable us to cancel that much of our adverse trade balance without exporting gold. Gold exports undermine the basis of credit by cutting down bank reserves; the sale of securities abroad obligates us only for the payment of interest from year to year.

It would be still better if we could cancel our indebtedness by the sale of our products in foreign markets. Of this there is so far no important indication. Such sales must be preceded either by a further decline in our commodity prices or by a sharp advance abroad. Prices are yielding a trifle in this country, but as yet the decline is not sufficient to permit large exports.

Another encouraging feature is the generally good condition of the winter wheat crop, the only crop now far enough advanced to be judged with any degree of accuracy. On the present condition, the crop is estimated by the best authorities at 412,000,000 bu., compared with 446,000,000 bu. harvested in 1909, 438,000,000 in 1908, 409,000,000 bu. in 1907, 493,000,000 bu. in 1906, and 428,000,000 bu. in 1905. Thus, while the indication is for a crop a little less than the average of recent years, it still represents a fair yield, and other crops have been planted under favorable conditions.

The bank statement of May 14 showed an improvement, the ratio of cash to deposits being 26.9 and of loans to deposits 101.4. This is especially encouraging for the reason that an improvement in banking conditions is likely to begin in New York and spread westward. Money rates, though firm, are far from stringent. While the banks are well loaned up in

nearly all sections of the country, business men have no difficulty in getting needed accommodation at reasonable rates.

Political Considerations.—Having given due weight to favorable factors, we must consider with equal frankness some features of the situation which are less encouraging. Of these the most important is undoubtedly the dissatisfaction of large capitalists with political conditions. The active capital of the country is now largely under the control of a comparatively small group of men. The attitude of these men toward the policies proposed by state and national governments has a far-reaching influence on financial conditions, and thus indirectly on business and commerce.

These leading interests have been well intrenched in the Senate for many years and have had an influential voice in regard to measures affecting capital. In order to secure the Payne-Aldrich tariff in the face of a hostile public sentiment, it became necessary for them to agree to assist President Taft in putting through his pet legislative program. American financiers are nothing if not opportunists. They made sure of the tariff bill and took their chances for the future with the rest of the program.

But it has proved hard sledding for high finance this year. The insurgents have demanded and obtained important concessions. Federal incorporation has apparently been side-tracked. The Sherman law remains in force and probably will not be interpreted by the Supreme Court before 1911. The Taft railroad bill was loaded down in the House with a series of most radical amendments. The outcome of the Conference Committee is still in doubt, but it seems probable that the bill, if passed, will include features decidedly distasteful to organized capital.

It seems to be fear of what the railroad bill may contain that has led the railroads generally to file notices of increased rates with the Interstate Commerce Commision. Such rates will come under the old law. The roads are in a generally prosperous condition and the advances in rates are, as a rule, considerably more than enough to cover the recent increases of wages of railroad employees. The advance in rates is certain to awaken the antagonism of shippers. The high tariff and the increase in railroad rates will be blamed for the rise in prices of the necessities of life.

Is the conservative wing of the Republican party deliberately riding for a fall? Are leading capitalists seeking to bring about a political deadlock by stimulating the election of a Democratic House? Whatever may be the answer to these questions, it is certain that high finance is far from satisfied with the political outlook.

The Future of the Money Market.—It will be remembered that it was only by extensive shifting of loans and careful management that money was made available for the crop movement last fall. Since then we have exported a large amount of gold and the activity of our internal trade has shown a further increase. If business continues good and large crops are raised, can New York send out enough money to move the crops next fall without a stringency which will result in a contraction of stock market loans? Apparently not—and for this reason it seems idle to expect any permanent condition of easy money unless it is obtained at the expense of a general dullness in trade. Neither horn of this dilemma can be considered bullish on securities.

The natural question is, Where is the capital? Why are financial interests obliged to go to Paris to find a market for their securities?

First, we must bear in mind that as recently as 1907 a world-wide exhaustion of capital was plainly in evidence. Costly foreign wars, enormous home investments in enterprises which would return only a moderate rate of yearly interest, a series of disasters, of which the San Francisco earthquake was the worst, and extravagance on the part of national, state and municipal governments and certain classes of individuals had depleted the supply of saved wealth.

A severe check to business activity resulted, but the recovery was prompt. It cannot be said that any important economies were practiced either by governments or by individuals, except for perhaps a few months. Speculation, under the courageous leadership of Harriman, sprang up from the very ruins of the panic. Prices of commodities have been carried even higher than before.

In brief, owing to continued investment in new enterprises, renewed expansion of speculation, the high cost of living, and public and private extravagance, very little new capital has been accumulated. Hence, the languishing bond market and sagging prices for stocks.

The Prospect.—Under these circumstances it is plain that booming security markets cannot be expected. On the other hand, there is at present no such overexpansion as would produce a repetition of the conditions of 1903 or 1907. The prospect for bonds is unsatisfactory and we see little encouragement for purchasers. Investment stocks will rally sharply from declines and the investor may well take advantage of such opportunities to buy but conditions are not favorable for a prolonged bull market.

The general sentiment of the Street at the moment favors higher prices, but among large capitalists one hears misgivings expressed. Perhaps the most that can be said is that opinions are contradictory and that it is a time for conservatism on the part of both investors and speculators.